
Report To: Policy and Resources Committee **Date:** 19 June 2011
Report By: Head of Organisational Development,
HR and Communications **Report No:** HR/9/12/PR
Contact Officer: Pauline Ramsay **Contact No:** 01475 714723
Health and Safety Team Leader
Subject: Request to proceed to Tender for the Occupational Health Contract

1.0 PURPOSE

- 1.1 The purpose of this report is to seek committee approval to issue tenders for the provision of an Occupational Health service for Inverclyde Council for the period January 2013 to January 2015.

2.0 SUMMARY

- 2.1 The Occupational Health Tender was awarded to Mansionhouse Health Care in January 2010. The contract was for two years and funding of £100,000 per annum was agreed by the CMT and commenced in April 2010. The contract itself started in January 2010. The contract was extended for one year in 2012 however the contract is due for renewal in January 2013.
- 2.2 Prior to the funding starting in April 2010 Occupational Health appointments were recharged to Services. All occupational health appointments are now charged to the occupational health budget with no recharges made to the Service unless something is required which is out with the terms of the Contract.
- 2.3 Provided within the contract will be:
- Sickness Absence and Attendance Management provision through a nurse for four days per week
 - Statutory Health Surveillance
 - Pre Employment Screening
 - Physiotherapy and Counselling provision
- 2.4 The Workforce Development Strategy was approved by the Policy and Resources Committee on the 26 May 2009 and has three main themes. This report focuses on Employees – our most valuable resource in that it focuses on health, safety and welfare of our workforce.
- 2.5 Tenders will be advertised on the basis of a two year contract with the option to extend for one year. Estimated total value of the contract is £300,000.

3.0 RECOMMENDATION

- 3.1 It is recommended that the Committee approves the issuing of tenders in respect of the provision of an Occupational Health Service for Inverclyde Council.

4.0 BACKGROUND

- 4.1 The contract with Mansionhouse Healthcare has now been in place since January 2010, the Services provide are that of:
- an Occupational Health Nurse for four days per week
 - a counselling service
 - physiotherapy service
 - access to an Occupational Health Doctor

With the exception of the Physiotherapy Service most of the Occupational Health appointments take place at the Mansionhouse Healthcare facility in 20A Union St.

- 4.2 Prior to April 2010 costs for Counselling, Physiotherapy, the Occupational Health Doctor and doctor reports were recharged back to Services. The Occupational Health Nurse was paid via the Occupational Health Budget. From April 2010 the Occupational Health budget was increased to £100,000 with all costs being charged to this budget code.

- 4.3 The Occupational health costs are split into two areas, set costs for the Nurse to provide a Service for 4 days per week, and demand led costs for Counselling, Physiotherapy, the Occupational Health Doctor and GP reports, vaccinations, training sessions and emergencies.

- 4.4 In order to monitor the costs associated with the occupational health budget and to ensure that demand led costs do not result in an overspend, a monthly budget is set with specific numbers of appointments available for each area of demand led cost and a contingency for emergencies. This allows for a cost effective and flexible approach as, rather than having set appointment times i.e. one day per month, appointments are available as required and the Council does not pay for demand led appointment time it does not use. The contract documentation is set up to reflect this.

- 4.5 Absence Monitoring

Absence cases are referred to the nurse initially so that an assessment of the employee's health can be made, together with estimated return to work date, recommendations as to fitness for work and an assessment of current capabilities in relation to their work. Waiting time for a nurse appointment is generally never longer than two weeks and emergency appointments are available if an urgent case requires it. Once a case has been referred to the nurse a report is provided by the Occupational Health Provider which will make recommendations. These recommendations can be:

- Ongoing monitoring via the Nurse
- Discharge of the case
- Adjustments which may help to return the employee to work or keep them there if they are not absent
- Further treatment either Physiotherapy or Counselling
- Referral to the Occupational Health Physician in cases of ill health retiral or work related conditions i.e. Vibration White Finger

Focus is always on working in partnership with the Council to identify means of returning the employee to work as soon as possible.

- 4.6

OD, HR and Communications, in partnership with Service Managers and the Occupational Health provider have been working to reduce the Council's absence rate. Though occupational health will not necessarily influence attendance at work levels, at least in the short term, over time long term absence may be reduced; for example counselling can help support the earlier return to work of employees experiencing stress or mental health issues. While it is too early to say with any degree of certainty how non attendance levels have been affected by occupational health provision. There are positive signs that long term absence rates are improving. In 2009 the average number of medically certified workdays lost per FTE employee was 9.6. For 2010 and 2011 the average number of

medically certified workdays lost per FTE employee was 8.75. (Appendix 1).

- 4.7 There are legal requirements laid down within Health and Safety legislation to carry out health surveillance on employee who may be exposed to substances hazardous to health or physical agents, i.e. vibration or noise, which may damage health. Occupational groups have been assessed to determine what health surveillance is required, these have been categorised in three groups.

Grouping	Approximate Number of Employees
High Risk – requiring annual health surveillance.	280
Medium Risk – Employees requiring health surveillance at least every three years.	570
Low Risk – Employees who require monitoring for possible health effects but not statutory health surveillance.	740

Health surveillance is carried out by the Occupational Health Provider as an ongoing rolling programme.

- 4.8 In order to ensure that Occupational Health provision is supplied in a cost effective way, the cost of provision per employee is compared with other Councils. Inverclyde Councils' spend per employee is competitive compared to the costs per employee detailed by the Councils who replied to the survey. For this reason it is not felt that there is any benefit in looking at partnerships with neighboring authorities at this time. (Appendix 2).

5.0 PROPOSALS

- 5.1 Tenders will be advertised on the basis of provision of an Occupational Health Nurse for four days per week and provision of an occupational health physician, counselling and physiotherapy on an as required basis. The tender is for two years with the option to extend for a third year.
- 5.2 This tender will be evaluated on a 60% price, 40% quality basis. Consideration was given to a reduced price weighting as per the previous tender for this service which was weighted 40% price, 60% quality. However, key aspects of the tender can be dealt with by requesting tenderers to comply with minimum criteria. As such the quality weighting should not be extended.

6.0 IMPLICATIONS

- 6.1 Finance:
Financial Implications – Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
00943	000-60011	2013/14	100,000	-	Contain in existing budgets.

- 6.2 Human Resources: None.
- 6.3 Legal: Failure to provide statutory health surveillance will result in the Council breaching the Health and Safety at Work etc. Act 1974 and its subordinate regulations.
- 6.4 Equality: None.

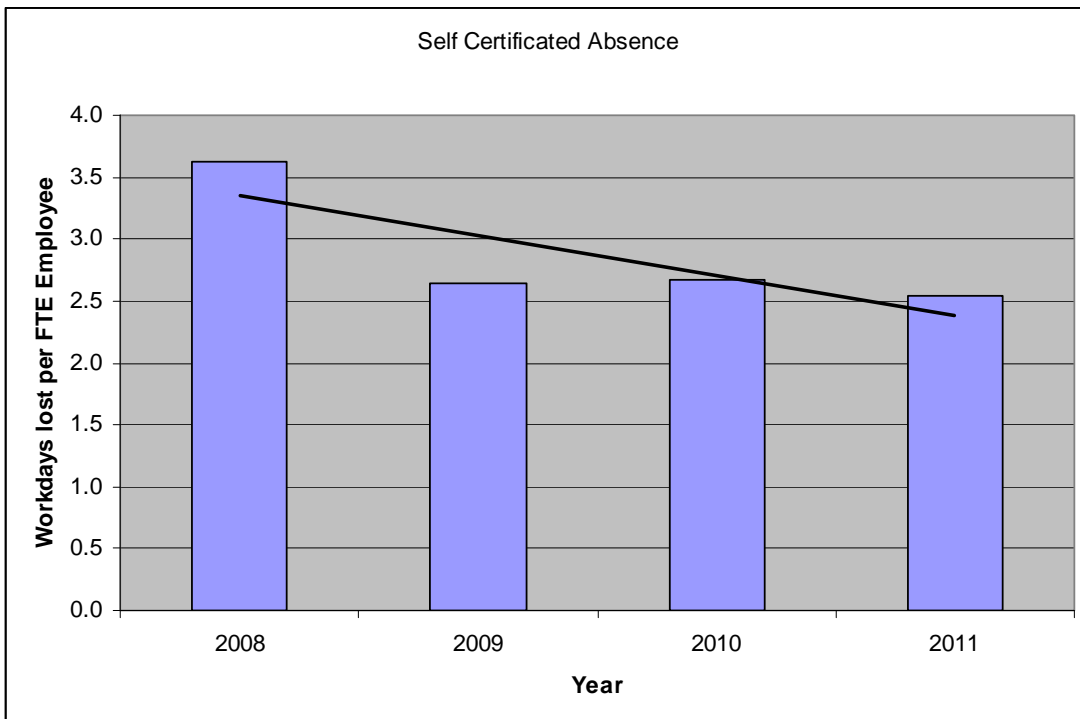
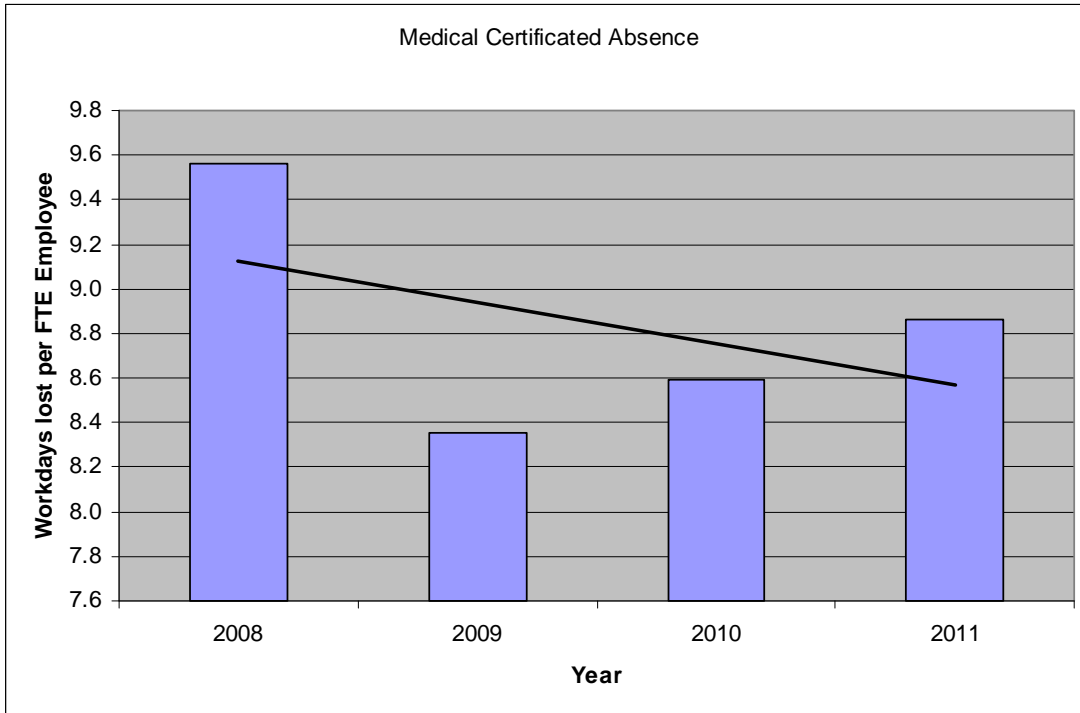
7.0 CONSULTATION

7.1 Consultations have taken place with procurement and legal.

8.0 BACKGROUND PAPERS

8.1 None.

Year	Average no of days absence per FTE employee.	
	Medical Certified Absence	Self Certified Absence
2008	9.6	3.6
2009	8.4	2.6
2010	8.6	2.7
2011	8.9	2.5



APPENDIX 2

Council	No of employees	Ave Cost per Employee	Not included within the average cost per employee
Aberdeenshire	14200	£14.08	Counselling/EAP
Aberdeen City	9000	£15.56	Counselling/EAP
Scottish Borders	5900	£16.95	Absence Management
Renfrewshire	7200	£19.17	Physiotherapy costs (£37/appointment)
Inverclyde (Ave spend 2010-2012)	4545	£19.80	Includes all Services charged to the Occupational Health Budget
North Lanarkshire	17500	£20.00	
Perth and Kinross	6000	£20.00	
Clackmannanshire	2678	£20.16	
Edinburgh	19000	£21.05	
Angus	4612	£21.68	Vaccination
Mid Lothian	4300	£23.26	
South Ayrshire	5500	£24.00	Vaccination
West Dunbartonshire	5500	£27.27	Vaccination
Western Isles	2500	£32.00	Physiotherapy.
East Lothian	4500	£32.22	