

Written statement of a non-key officer decision
Chief executive

Title	Procurement of Occupational Health Services for Herefordshire Council employees
Decision maker	Chief executive
Date of decision	19 December 2019
Report exemption class	Open
Purpose	<p>The purpose of this report is to agree arrangements for providing Occupational Health Services specifically for employees of Herefordshire Council with effect from 1 April 2020.</p> <p>Herefordshire Council has offered Occupational Health Services (including physiotherapy and counselling) to its employees for several years. These services have been delivered through a third-party contract and will expire on 31 March 2020.</p> <p>The council seeks to promote and maintain the health and wellbeing of its employees, with the goal being to ensure a positive relationship between an employee's work and health. The council recognises that there are many benefits to occupational health; managing the health and wellbeing of people at work and having access to specialist occupational health practitioners is key to unlocking these benefits.</p>
Decision	<p>That:</p> <p>(a) A procurement exercise is undertaken to award a contract, for up to five years, to deliver Occupational Health Services on behalf of Herefordshire Council. The total contract value is estimated to be £125,000 over five years; and</p> <p>(b) The Assistant Director for People is authorised to take all operational decisions necessary to implement the above.</p>
Reason for the decision	<p>As set out in the report. Documents relating to this decision are available at</p> <p>http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50031743</p>
Consultation	The following parties have been informed of the council's intention to re-tender for its Occupational Health Services contract:

	<p>- The council's current Occupational Health Services provider</p> <p>- The council's recognised Trade Unions</p> <p>There is no requirement to consult formally or more widely in respect of this matter.</p>						
Options considered	<p>1. This section sets out the alternative options to those in the recommendations, together with the advantages and disadvantages of each, and the reasons for their rejection.</p> <p>2. Procure a reduced level of Occupational Health Services (i.e. excluding counselling and physiotherapy):</p> <table border="1" data-bbox="564 763 1445 2063"> <thead> <tr> <th data-bbox="564 763 858 869">Advantages</th> <th data-bbox="858 763 1152 869">Disadvantages</th> <th data-bbox="1152 763 1445 869">Reasons for rejection</th> </tr> </thead> <tbody> <tr> <td data-bbox="564 869 858 2063"> <ul style="list-style-type: none"> The estimated annual contract value would reduce from £25,000 to circa £15,000 </td> <td data-bbox="858 869 1152 2063"> <ul style="list-style-type: none"> By removing counselling services, the council would be scaling back on mental health support services for its employees at a time when this is high on the national agenda and the importance and value of employers providing proactive mental health support is widely reported. Between September 2018 and September 2019, the highest level of full-time equivalent (FTE) days lost due to sickness </td> <td data-bbox="1152 869 1445 2063"> <p>Whilst this option would result in a lower annual spend on Occupational Health Services, the council would in effect be taking a step backwards. There is some likelihood that employee sickness absence rates would increase as a result of this option. This prediction is based upon research across a number of organisations and anecdotal evidence within the council. The 'saving' is not significant enough to make this option viable when considering the bigger picture.</p> </td> </tr> </tbody> </table>	Advantages	Disadvantages	Reasons for rejection	<ul style="list-style-type: none"> The estimated annual contract value would reduce from £25,000 to circa £15,000 	<ul style="list-style-type: none"> By removing counselling services, the council would be scaling back on mental health support services for its employees at a time when this is high on the national agenda and the importance and value of employers providing proactive mental health support is widely reported. Between September 2018 and September 2019, the highest level of full-time equivalent (FTE) days lost due to sickness 	<p>Whilst this option would result in a lower annual spend on Occupational Health Services, the council would in effect be taking a step backwards. There is some likelihood that employee sickness absence rates would increase as a result of this option. This prediction is based upon research across a number of organisations and anecdotal evidence within the council. The 'saving' is not significant enough to make this option viable when considering the bigger picture.</p>
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		<p>absence across the council has been for mental health reasons.</p> <ul style="list-style-type: none"> • By removing physiotherapy services, the council would be scaling back on support for employees experiencing musculo-skeletal (MSK) conditions at a time when poor musculo-skeletal health accounts for the majority of sickness absence in the UK alongside mental health. Between September 2018 and September 2019, MSK-related sickness absences have resulted in the third highest FTE days lost across the council. 	
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3. Provide in-house Occupational Health Services:

Advantages	Disadvantages	Reasons for rejection
<ul style="list-style-type: none"> • Employees would have on-site access to Occupational 	<ul style="list-style-type: none"> • The council does not currently have the resources or capacity to 	<p>The resource implications of this option would significantly</p>

		<p>Health Services at some office locations, meaning the service is more visible and accessible.</p> <ul style="list-style-type: none"> The council would have full control over service delivery, as opposed to via contract management, which would likely have a positive impact on quality 	<p>provide an in-house service</p> <ul style="list-style-type: none"> The current average annual salary for an Occupational Health Nurse is circa £35,000 and for an Occupational Health Physician is circa £85,000 (both excluding on-costs). Whilst the council would not require these posts on a full-time basis, this demonstrates that the cost would be significantly greater than the recommended option, even before taking account of administration, ICT and property costs 	<p>outweigh the benefits, particularly in respect of financial cost, meaning it would not represent value for money</p>
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4. Cease delivery of Occupational Health Services:

Advantages	Disadvantages	Reasons for rejection
<ul style="list-style-type: none"> Saving of £25,000 per annum on Occupational Health Services provision 	<ul style="list-style-type: none"> There is a considerable chance that the saving identified to the left would be eradicated as a result of 	<p>This option would adversely affect the council's ability to achieve its aims as stated in paragraph 4 below and would not represent</p>

			increased corporate costs associated with higher sickness absence levels and potential non-compliance with legal and regulatory obligations	value for money given the stated disadvantages
Declarations of interest	None			
Call-in expiry date (decisions are not subject to call-in where special urgency provisions apply)	30 December 2019			

Officer:	Date 19 December 2019
Chief executive (Alistair Neill)	