

DELEGATED POWERS REPORT NO.

1617

SUBJECT: Extension of Occupational Health Service Contract

Control sheet

All of the following actions MUST be completed at each stage of the process and the signed and dated report MUST be passed to the Governance Service for publishing

All reports		
1. Business Governance Service receive draft report	Name of GO Date	Andrew Charlwood 23/03/2012
2. Business Governance Service cleared draft report as being constitutionally appropriate	Name of GO Date	Andrew Charlwood 23/03/2012
3. Finance clearance obtained (<i>report author to complete</i>)	Name of Fin. officer Date	Jayne Fitzgerald 05/04/2012
4. Staff and other resources issues clearance obtained (<i>report author to complete</i>)	Name of Comm. officer Date	N/A
5. Strategic Procurement clearance obtained (<i>report author to complete</i>)	Name of Strategic Procurement Officer Date	Praful Ladwa 05/04/2012
6. Legal clearance obtained from (<i>report author to complete</i>)	Name of Legal officer Date	Philomena Jemide 11/04/2012
7. Policy & Partnerships clearance obtained (<i>report author to complete</i>)	Name of P&P officer Date	Andrew Nathan 05/04/2012
8. Equalities & Diversity clearance obtained (<i>report author to complete</i>)	Name of officer Date	Julie Pal 05/04/2012
9. The above process has been checked and verified by Director, Head of Service or Deputy (<i>report author to complete</i>)	Name Date	Sarah Murphy-Brookman 12/04/2012
10. Signed & dated report, <u>scanned or hard copy</u> received by Business Governance Service for publishing	Name of GO Date	Andrew Charlwood 16/04/2012
11. Report published by Business Governance Service to website	Name of GO Date	Andrew Charlwood 18/04/2012
Officer reports:		
12. Head of Service informed report is published and can be implemented.	Name of GO Date	Andrew Charlwood 18/04/2012
Cabinet Member reports:		
13. Expiry of call-in period	Date	N/A
14. Report circulated for call-in purposes to Business Management Overview & Scrutiny Committee members & copied to Cabinet & Head of Service	Name of DSO Date	N/A

**ACTION TAKEN UNDER DELEGATED POWERS BY OFFICER
(EXECUTIVE FUNCTION)**

Subject	Extension of Occupational Health Service Contract
Officer taking decision	Assistant Director for Human Resources
Date of decision	12 April 2012

Summary	This report seeks approval for the extension of the current contract with The Derwent Medical Centre for the provision of occupational health services to the Council. The approval sought is to retrospectively exercise the extension option contained in the contract for a period of 18 months from 31 August 2011.
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Officer Contributors	Mike Koumi – Head of Safety, Health and Wellbeing
Status (public or exempt)	Public
Wards affected	None
Enclosures	None
Reason for exemption from call-in (if appropriate)	N/A

Contact for further information: Mike Koumi, Head of Safety, Health and Wellbeing – 020 8359 7960

Serial No. 1617

1. RELEVANT PREVIOUS DECISIONS

- 1.1 Cabinet, 26 February 2007 – approved the occupational health contract to go to tender (Appendix J refers).
- 1.2 Delegated Powers Report of Mike Koumi, No. 617, 17 July 2008 – award of contract to The Derwent Medical Centre.

2. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 2.1 The procurement of an occupational health service affects all priorities as the Council must ensure the assessment of the health of staff before employment, the management of health issues for existing staff and the promotion of good health through health promotion activities.
- 2.2 The procurement exercise and proposed contract extension has also ensured that the council meets the priority of 'Better Services, Less Money' by ensuring the council procures a high quality, value for money occupational health service.

3. RISK MANAGEMENT ISSUES

- 3.1 Failure to provide occupational health services could lead to the employment of staff that are not fit enough to carry out their duties.
- 3.2 Failure to provide these services is likely to increase the likelihood of sickness absence both short and long term,
- 3.3 Failure to provide the service increases the risk of prosecutions and civil actions as the Council has statutory duties, and a duty of care, to ensure it does "all that is reasonably practicable" to ensure the health, safety and welfare of its staff.
- 3.4 The Council also has a statutory duty to carry out health surveillance and ill health retirement assessments and would not be able to carry this out without access to an occupational health physician.

4. EQUALITIES AND DIVERSITY ISSUES

- 4.1 Under the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; and c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy; maternity; race; religion or belief; sex; and sexual orientation. The duty to eliminate discrimination also extends to marriage and civil partnership.
- 4.2 The provider will be required to ensure that all staff are aware of, and can readily access, the service.
- 4.3 The provider will also be required to provide statistical information including a breakdown of the types of users. The information will be used to monitor whether users of the service fairly reflect the make up of staff and also to identify whether any ill health trends are developing for any particular group.

5. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 5.1 The financial provision for payment of this contract is held within each service, and as such will be monitored accordingly. However, it is predicted that the overall expenditure will decrease as the Council directly employs fewer staff due to the 'One Barnet' programme.

6. LEGAL ISSUES

- 6.1 The public procurement regulations apply whenever a contracting authority whether by itself, or through a third party, seeks offers in relation to a proposed public 'works' 'supply' or 'service' contract, the value of which exceeds certain financial thresholds. The public procurement regulations make a distinction between two categories of services. Schedule 3 to the Public Contract Regulations 2006 contains two lists of categories of services. The first list, which appears in Part A, contains description of services which are subject to the full application of the rules under the public procurement regulations. If a service in Part A exceeds the relevant threshold, it is subject to the full public procurement regulations, such as the obligation to subject the service to advertisement before an award of contract. Only limited parts of the Regulations apply in the case of Part B services contracts and do not apply to service concessions or contracts that are below the relevant thresholds. Such contracts are nonetheless caught by general Treaty principles of equal treatment, non-discrimination and transparency.
- 6.2 As stated at paragraph 8, below, the procurement process for the provision of an occupational health service was instigated in September 2007, and the contract contains an option for a 2 year extension.

7. CONSTITUTIONAL POWERS

- 7.1 Council Constitution, Contract Procedure Rules Paragraph 5.6 – provides that contracts can be extended if: the original contract was based on a competitive tender or quotations; the initial contract has not been extended before; and the value of the extension is less than 50% of the existing contract value without the extension and has a budget allocation. This contract extension meets all of these criteria.
- 7.2 Council Constitution, Contract Procedure Rules, Table 5-2 provides that Directors/Heads of Service may authorise the extension of contract of less than £156,441, but must report afterwards to the relevant Cabinet Member. The value of this extension falls below this threshold.

8. BACKGROUND INFORMATION

- 8.1 The procurement process for the provision of an occupational health service was instigated in September 2007.
- 8.2 The Derwent Medical Centre was evaluated as the winning tenderer and awarded the contract. The contract commenced on 1 September 2008 for a period of 3 years with the option of, a 2 year extension.
- 8.3 The service is provided as a list of core services with unit prices for providing that on a

'pay as you go' basis.

- 8.4 The initial 3 year contract term expired on the 31 August 2011 and the provider has continued to provide the service.
- 8.5 The NSCSO project has required bidders to provide a similar service to the Council so a short term solution is required to provide the Council with the required OH services until the successful bidder's contract commencement.
- 8.6 This report seeks approval to retrospectively exercise the extension option contained in the contract for a period of 18 months from 31 August 2011.
- 8.7 The resource implications of instigation a new procurement for this type of service provision, for a contract length of 12 -18 months, would not make economic or business sense. However, as stated at paragraph 8.2 above, the contract contains an option for up to 2 year extension.
- 8.8 An extension of the current contract with The Derwent Medical Centre until 28 February 2013 is the most cost effective solution and would also ensure effective continuity of service.

9. LIST OF BACKGROUND PAPERS

- 9.1 None

10. OFFICER'S DECISION

I authorise the following action

- 10.1 **That the current contract with The Derwent Medical Centre for the provision of an occupational health service be extended from 1st September 2011 until 28 February 2013.**

Signed Sarah Murphy-Brookman
 Assistant Director for Human Resources

Date **12 April 2012**