



Schools Forum

Occupational Health Retender

Update Paper

1. Background

Our Contract with the Occupational Health provider PAM Assist is due to expire in November 2019. This has been extended to the end of March 2020 to coincide with the Schools budget cycle.

In May, we presented a discussion paper to the Schools Forum Services & Contracts Committee (Appendix 1).

As part of the discussion paper, we asked:

- Do Schools want an offer they can purchase?
 - If a per head model is more beneficial for Directorates, what is the expectation on a Schools offer?
 - If a School were to buy into any future contract, it would need to be purchased for the duration of the contract. The cost could be spread over the available time, but the commitment would be needed for the full duration. Are there any objections to this?
 - We would also like to recommend that any offer made available to schools is exclusively for maintained and not for Academies. Including Academies under the OCC contract has added to the administrative burden and is increasingly raising Data Protection issues. Are there any objections to this?
- Our initial analysis would indicate that the majority of schools would save money if they purchased the services they required on an ad-hoc basis. However, the benefits of having a proactive service is that it can help manage sickness, reduce absence length, support recruitment and provide guidance to managers. What support would schools need to explore this further?

The feedback we received was that schools did still want an offer made available to them, there were no objections to purchasing for the duration of the contract and that if we were to withdraw offering this service from Academies we needed to provide sufficient notice. We hope to have subsequent feedback from the Deputy Director for Education to share with you at the meeting.

We also discussed schools take up of Occupational Health Services and whether certain schools would financially be better off to purchase their Occupational Health only an ad-hoc basis. It was agreed that we would present to Schools Forum with a number of examples of the cost of certain scenarios via a per-head occupational Health contract and via a paid for ad-hoc Occupational Health.

The aim is that this will support each schools in deciding whether they buy into the OCC Contract or use an ad-hoc provision.

2. Scenarios

The average staff count for a maintained primary school is 34 people. Based on indicative costs of £28, purchasing Occupational Health through the OCC contract would cost £952 per year. The following scenarios are for illustrative purposes only and based on the fees of one ad-hoc provider.

a. Stress

If an employee is absent from work and with no additional health conditions, then up to 3 referrals could be expected with an Occupational Health Advisor at a cost of £240.

If an employee is absent from work and does have additional health conditions that add to the complexity of treatment, then up to 6 referrals could be expected with either the Occupational Health Advisor or Occupational Health Physician. This would be at a cost of between £480 and £1200.

b. Musculoskeletal – one with OHA (phone call) and perhaps one return

In a hypothetical scenario of an employee who was involved in a car accident whose recovery goes to plan, it would not be unreasonable to expect to have two referrals – one at the beginning of the recovery and one towards the end. This would be at of cost of £160. If the case was more complex and required the input of a physician, the cost would increase to £400.

3. Next Steps

OCC will continue to draft the specification to go out to tender. Schools are well represented on the project team to ensure their voices are heard in the drafting of the specification. We will then follow normal procurement routes and provide an update schools in due course.

Appendix 1

Schools Forum Services & Contracts Committee

Occupational Health Retender

Discussion Paper

1. Background

Our Contract with the Occupational Health provider PAM Assist is due to expire in November 2019. We are currently exploring opportunities to extend this to the end of March 2020 to coincide with the Schools budget cycle.

There are a number of reasons why we require an Occupational Health Provision:

- We have a legal responsibility under The Equality Act 2010 to make reasonable adjustments to remove the barriers someone who has a disability may face. Occupational Health can recommend adjustments or adaptations that would support an employee for the Manager to consider.
- When managing absence and performance due to ill health and in particular when taking formal action under disciplinary or capability procedures including ending employment, employers must show that they have obtained appropriate and up to date medical advice.
- We are required under The Local Government Pension Scheme Regulations 2013 to appoint an Independent Registered Medical Practitioner when assessing whether to bring into effect the early payment of retirement pension on ill-health grounds.
- Pre-Employment Medicals are also required to make sure that we are meeting our obligations under The Equality Act 2010 and we are not placing individuals at risk.

The Council is also committed to supporting employee health and wellbeing and providing access to information and initiatives to help employees manage their health. This commitment is not only as part of the Council's responsibilities for the Public Health of Oxfordshire but also to improve attendance; productivity and employee engagement.

For these reasons we have:

- Started to explore the market to identify whether there are more proactive interventions available, reducing the cause of sickness as well as supporting people back to work and improving employee health and wellbeing.
- Started to reassess what the different areas of the organisation require to ensure the correct provider is in place including social care, fire and rescue services and schools.
- Started to redefine the service level agreements to meet our changing requirements.

2. Current Situation

The current contract is composed of a minimal fixed cost element and then all services are charged on a pay as you go basis to Oxfordshire County Council. Directorates are re-charged for their exact usage but when the contract was first entered in to, a figure was calculated that would create a 'per head' costing model for schools. This was based on assumptions of schools' usage and a proportion of the yearly fixed costs. This cost has only increased in line with OCC review of charges since initiation and we have seen a decline in the numbers included in the contract. For some schools' this model has offered particularly good value for money (at the subsidy of Oxfordshire County Council), while for others, this model appears to be a more costly way of managing their requirements.

About 56% of maintained schools that have purchased the service have used it in the last financial year compared to 78% of Academies.

We have been exploring the market and the current pricing model would appear to be a 'per head' rather than a fixed cost and pay as you go. The average price per head currently appears to be £28 – taken from one of the newest procurement frameworks. In comparison, our current pricing would equate (broadly) to a £14 per head cost but that varies between £21 per head for Directorates and £9 for maintained schools. Even if a pay as you go model were available on the market, we would expect the costs to increase between 8-15% (based on assessment of previous negotiations with PAM and an uplift for certain levels of quality).

We are also exploring how we think our usage of Occupational Health Service may vary over the next few years: we have initiatives to reduce the number of referrals but also have a number of change programmes that may increase that number. We have been engaging with representatives from the different stakeholders, including schools.

3. Options Analysis

3.1 Option 1 – Do Nothing Option/Base Case

The option to do nothing would mean we would fail in OCC's obligations - as an Employer we need to ensure we have a fit for purpose Occupational Health and Employee Assistance programme for the following reasons:

- We have a legal responsibility under The Equality Act 2010 to make reasonable adjustments to remove the barriers someone who has a disability may face.
- We need to obtain appropriate and up to date medical advice when managing absence, employee's return to work, performance due to ill health and when taking formal action under disciplinary or capability procedures.
- We are required under the Local Government Pension Scheme to appoint an Independent Registered Medical practitioner when assessing early retirement on the ground of ill-health.
- We need to carry out pre-Employment medical checks including Medical Examinations for Fire & Rescue personnel.
- The Council is committed to supporting employee health and wellbeing and providing information and initiatives to help employees manage their health which will improve attendance, productivity and employee engagement.

3.2 Option 2

We have currently extended the existing contract with PAM until November 2018 and are exploring the option to extend until March 2019. The second option would be to extend for the maximum amount of time, with expected increases of at least 5% to the cost (when the original extension was discussed, PAM looked to increase the costs by 8%). However, this limits the opportunities to redefine a contract that meets our current needs.

3.3 Option 3

Go out to tender to obtain a new supplier using a procurement framework such as ESPO, Crown Commercial or YPO. This would give us a reduced choice of providers and would limit the pricing structures available, but we would know that the providers had been through a rigorous process to get onto the framework and that – particularly for the newly set up frameworks – the providers are meeting current industry needs.

3.4 Option 4

Go out to full EU Tender. This would give access to the full market but would require a much greater input from procurement and legal services and lengthen the process.

The costs of the additional resource required to manage a full EU tender would need to be considered, there is no guarantee that the prices offered through this route would be cheaper than a framework, and even if they were, the risk would be that when the additional resource were added in that the final result is more costly.

3.5 Option 5

Procure an ad-hoc provider. We don't believe this option to be beneficial to Directorates or Fire & Rescue Services but could be an option that schools wish to explore further.

3.5 Option 6

The final option would be for Oxfordshire County Council to deliver the services back in house. However, initial research into this showed that the cost would be too prohibitive.

4. Considerations

This paper seeks the views of Forum as there are a number of considerations for schools:

- Owning their own contract with a provider would give greater transparency – we have anecdotal evidence that suggests frustrations at having to raise issues via the OCC Contract Manager, rather than directly dealing with the provider. **Do schools want an offer they can purchase?**
 - If a per head model is more beneficial for Directorates, **what is the expectation on a schools offer?**
 - If a school were to buy into any future contract, it would need to be purchased for the duration of the contract. The cost could be spread over the available time, but the commitment would be needed for the full duration. **Are there any objections to this?**
 - We would also like to recommend that any offer made available to schools is exclusively for maintained and not for Academies. Including Academies under the OCC contract has added to the administrative burden and is increasingly raising Data Protection issues. **Are there any objections to this?**
- Our initial analysis would indicate that the majority of schools would save money if they purchased the services they required on an ad-hoc basis. However, the benefits of having a proactive service is that it can help manage sickness, reduce absence length, support recruitment and provide guidance to managers. **What support would schools need to explore this further?**