

REPORT TO: CITY GOVERNANCE COMMITTEE - 3 MARCH 2025

REPORT ON: SOURCING STRATEGY FOR THE PROCUREMENT OF PROVISION OF OCCUPATIONAL HEALTH SERVICES

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 74-2025

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide a progress update on the proposed sourcing route for the provision of Occupational Health Services to Dundee City Council.
- 1.2 This report seeks permission to extend the existing contract arrangement to allow the future sourcing arrangements to be fully explored.
- 1.3 A report will be brought back to Committee to update on the proposed sourcing route referred to in Section 4.1.

2 RECOMMENDATION

- 2.1 It is recommended that Committee approves the extension of the existing contract with People Asset Management Occupational Health Solutions (PAM) for up to 12 months to 31 March 2026 under an exemption from tendering to allow the completion of the procurement exercise as mentioned at Section 4 of this report.

3 FINANCIAL IMPLICATIONS

- 3.1 The cost of extending the existing contract for a full year will be £241,728. The Executive Director of Corporate Services has confirmed that the funding for this supply is contained within the Individual Services' Revenue Budget. Any revised financial implications, including how they are to be funded, following the new procurement arrangement will be reported to Committee once this exercise is completed.

4 SOURCING STRATEGY SUMMARY

- 4.1 Local authorities and partner organisations have historically entered into individual or locality-based arrangements for the provision of occupational health services, including statutory health surveillance. A new, national collaborative contract has now been being taken forward, and Dundee City Council is one of the local authorities who are exploring this route to market.
- 4.2 Scotland Excel, on behalf of participating local authorities, are leading the procurement exercise (mini competition from a Crown Commercial Services Framework) for a single supplier framework agreement, whereby each of the participating local authorities will enter into a commitment contract with the successful bidder. The Framework will be for 4 years, plus 1, plus 1. Mini-Competition Documents are currently being finalised, with a target date of May 2025 for award of the contract.
- 4.3 Dundee City Council's incumbent occupational health provider, PAM, is one of the companies who will be invited to tender as part of the mini-competition exercise.
- 4.4 Whilst our existing service arrangement with PAM will have exhausted its contractual capacity on 31 March 2025, PAM have agreed to provide an ongoing service on a month-to-month basis,

for the period of up to one calendar year until 31 March 2026 at no increase in current cost levels.

5 POLICY IMPLICATIONS

- 5.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate Senior Manager has reviewed and agreed with this assessment.

6 RISK ANALYSIS

- 6.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

Description of Risk	Actions to be taken to manage Risk
Commercial Risk - That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	There will no increase in cost for the proposed period of contract extension. The future sourcing route will ensure that competition is achieved.
Technical Risk - This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification.	The extension to contract ensures business continuity. The future sourcing route will be underpinned by a clear specification of requirement and Framework contractual conditions.
Performance Risk - This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits.	The future sourcing route will be underpinned by a clear specification of requirements and Framework conditions including KPIs.
Contractual Risk - Being able to remedy the 's shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	The contract extension ensures business continuity. We have an action plan for exploring the new, national collaborative contract.
Procurement Risk - where a procurement is found unsound in law, through the public procurement rules.	We are making arrangements for the future procurement of occupational health services. We are exploring the new national collaborative contract which has been competed, and which offers a compliant route to market.

7 CONSULTATIONS

- 7.1 The Council Leadership Team has been consulted in the preparation of this report.

8 BACKGROUND PAPERS

- 8.1 None.