

Subject:	The Procurement of Absence Management Services		
Date of Meeting:	09 July 2020		
Report of:	The Chief Executive		
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The purpose of this report is to set out the rationale for the continuation of the existing Brighton & Hove City Council (the 'Council') approach to absence management. In addition, officers are seeking authority to procure and enter into a new contract with the Council's existing provider, FirstCare Limited via Watford Borough Council's Nurse-led Absence Management Services Framework.
- 1.2 The absence management services will provide the necessary systems and processes to effectively support staff who are absent from work due to ill-health, and provide the data needed by the Council to focus activity under Our People Promise to support employee wellbeing and attendance at work.
- 1.3 The Council currently has a call-off contract in place with FirstCare which is due to expire on 31 March 2021.

2. RECOMMENDATIONS:

- 2.1 That the procurement of attendance management services via a joint procurement procedure with East Sussex County Council (ESCC) be approved;
- 2.2 That delegated authority be granted to the Assistant Director – Human Resources and Organisational Development to take all necessary steps to:
 - (i) Procure and award a contract for absence management services with a term of three (3) years; and
 - (ii) Approve an extension(s) to the contract referred to in 2.2(i) above for a period of up to two years following the initial three-year term, subject to satisfactory performance by the provider.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 An initial report was taken to the Procurement Advisory Board (PAB) on 11 May 2020 and members were supportive of the proposed approach, noting that there were positive benefits for staff wellbeing from the Council continuing to commission FirstCare as an attendance management provider.

- 3.2 The provision of absence management services supports the Council in meeting its health and wellbeing responsibilities. FirstCare provides access for employees to nurse led medical advice relating to their absence and comprehensive absence data which is used by managers to manage individual absence cases and conduct effective return to work conversations. The data also helps to inform targeted wellbeing and attendance support strategies and interventions across services and/or the Council as a whole.
- 3.3 The service provided by FirstCare under their current contract with the Council has removed from managers the administrative burden of recording and notifying HR of staff sickness absence as well as providing managers with real time absence notifications and meaningful data. Back-office support savings have also been achieved through the removal of the need to resource the administrative and payroll processes related to sickness absence recording. Current absence recording processes and resourcing levels are heavily predicated on the FirstCare model.
- 3.4 From 01 December 2017 when FirstCare was implemented to 31 March 2019 there was a reduction in absence levels for the initial 15-month term. However, from 01 April 2019 to 31 December 2019 (Q1- Q3), there has been an increase in days lost due to absence.
- 3.5 In order to address this increase in absence, the data from FirstCare has been used to identify the reasons and to highlight trends, and to address an increase in long-term absence due to stress/anxiety. This analysis informed targeted support and from 01 January 2020 onwards, a reduction in stress/anxiety absence has been achieved, and the increase in absence stabilised with Q4 reflecting the same level of sickness as Q4 in the previous year.
- 3.6 Given the impact of COVID-19, it is too early to establish if the trend in Q4 would continue and there will continue to be a close monitoring of absence levels across the Council during the recovery period. The FirstCare system has been used during the COVID-19 pandemic to notify staff of the availability of testing and signpost the council's wellbeing support available. We have also been able to provide accurate data about the numbers of our staff who are off sick with COVID-19 either suspected or confirmed cases, and provide links to our internal incident reporting processes, where an absence requires investigation.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Based on the evaluation of the available options, it is recommended to continue with FirstCare's nurse led approach for the management of absence. There are other options available to the Council these are appraised in appendix 1.

5. CONCLUSION

- 5.1 The recommendation is to continue with the FirstCare model of attendance management using a nurse led provider, as set out in appendix 1. Further, if we were to continue with this model then it is recommended that a direct contract award be made to FirstCare rather than undertake an open tender process. This is because market testing demonstrates that there is only one other broadly comparable provider to FirstCare and they have provided ESCC with a high-level

indicative quote which is more expensive than what ESCC currently pay for FirstCare. .

6. COMMUNITY ENGAGEMENT & CONSULTATION

- 6.1 User engagement in relation to the services provided by the attendance management provider will be undertaken with Council wide representatives, and unions, as appropriate, to ensure the services being procured meet organisational needs.

7. FINANCIAL & OTHER IMPLICATIONS:

- 7.1 The cost of the FirstCare contract to BHCC is currently in the region of £0.150m. The financial rationale for entering the contract was that it would lead to savings in sickness absence cover costs over and above the contract charge. This has proven to be the case – in 16/17 (the last year before the FirstCare contract started), agency costs relating to sickness cover were £0.645m. In the following years these agency costs, plus the FirstCare contract charges came to approximately £0.562m (17/18), £0.454m (18/19) and £0.369m (19/20). Further financial considerations are shown in the appendices to the report .
- 7.2 Please refer to Appendix 1 which outline the financial considerations and note the uplift in unit rate costs for FirstCare following any direct award negotiations. The current unit charge has been fixed at £2.82 per employee per month since 2018/19 but there is anticipated to be some uplift upon re-procurement. FirstCare's standard rate for local authorities is £3.60 however, initial negotiations indicate a much lower rate than this could be achieved should we elect to direct award through the Watford Borough Council (WBC) Nurse Led Absence Management Framework. WBC have confirmed that the negotiation on individual pricing is permissible under the framework.
- 7.3 If it is not possible to reach a mutually agreeable pricing agreement via a direct award we would reserve the right to still conduct a competitive tender process with the market, if this was of commercial benefit for the Council.

Finance Officer Consulted: James Hengeveld

Date: 11/06/2020

Legal Implications:

- 7.4 In accordance with Part 4 of the council's Constitution, Policy & Resources Committee is the appropriate decision-making body in respect of the recommendations set out in paragraph 2 above. In addition, in order to comply with CSO 3.1, authority to enter into contracts in excess of £500,000 must be obtained from the relevant committee.
- 7.5 Orbis Public Law officers will advise on the proposed framework agreement and procurement of a call off contract for the services with reference to the relevant public procurement legislation as well as the council's Contract Standing Orders (CSOs).

Lawyer Consulted:

Isabella Sidoli

Date: 18/06/2020

Equalities Implications:

- 7.6 The implementation of FirstCare has enabled managers and HR to identify trends and areas of concern this has led to more pro-active and informed support being provided by managers. There is no data to suggest that any specific groups have been placed at a detriment as a result of this contract. FirstCare provides enhanced guidance and signposting for managers and employees on specific absence reasons such as stress and cancer related absence and managers have reported that they feel better equipped to have these conversations and support employees. There has been feedback for more tailored signposting on mental health conditions and we have asked FirstCare's clinical team to develop these for conditions such as anxiety, depression and bi-polar.
- 7.7 The FirstCare contract manager has actively engaged with Trade Unions when concerns have been raised. This engagement has taken place through meetings, emails and via the notice board. Specific concerns were flagged by the Trade Unions about members of staff reporting mental health conditions; employees reported that the call handler lacked empathy. The contract manager worked with FirstCare to ensure that all call handlers received mental health training and no further issues have been raised to date.
- 7.8 One of the key wellbeing benefits we get from FirstCare is having 24/7/365 access to clinical advice. This support has reported to be helpful by employees when they are suffering from poor mental health and they elect to speak with a nurse.
- 7.9 The FirstCare contract manager has engaged and presented data at various Council forums including; The Wellbeing Steering Group, Departmental Management Team (DMT), Directorate Consultative Group, Policy and Charis and the Procurement Advisory Board. A FirstCare departmental representatives' group was in place until November 2019 however, based on very low attendance levels the group was disbanded and the time was repurposed to attend the HR business partner quarterly meetings and DMTs to ensure the departmental links are sustained.
- 7.10 We will continue to engage with the staff Workers' Forums, Trade Unions and other stakeholders through the process to renew the contract.
- 7.11 An Equality Impact Assessment was carried out on 12 April 2017. The overall impacts have been incorporated in the contents of the report.

Equality Officer consulted: Sarah Tighe-Ford

Date: 18/06/20

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix 1 – FirstCare Overview and Future Models Options Appraisal