

ITEM No ...7.....

REPORT TO: CITY GOVERNANCE COMMITTEE – 16 FEBRUARY 2026

REPORT ON: PROVISION OF OCCUPATIONAL HEALTH SERVICES

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 14-2026

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to provide a summary of the sourcing strategy for the provision of Occupational Health Services and to seek approval to award the successful supplier.

2.0 RECOMMENDATION

2.1 It is recommended that the Committee: -

- a) notes the information in this report; and
- b) approves the award of a Framework call-off contract to the successful supplier, as outlined in Section 5 of this report, in compliance with the Public Contracts (Scotland) Regulations of 2015.

3.0 FINANCIAL IMPLICATIONS

3.1 The approval of this award would result in estimated costs of £1.950m over the period of the extended contract. The actual cost of the contract will not be fully known until the framework call off is completed. Should this cost be in excess of 10% greater than the above sum, officers will revert to Committee for further approval prior to progressing this. Current costs now reflect the true market position.

3.2 There will be no additional costs to the council if the proposal to implement control measures as detailed in Section 5.0 Sourcing Strategy Summary (5.5 and 5.6) to manage contract spend is followed.

3.3 The Executive Director of Corporate Services has confirmed these costs would be met from the People Services division of Corporate Services and that sufficient provision is already assumed within the approved Revenue Budget 2025/26.

4.0 DETAILS OF THE PROJECT BEING COMMISSIONED

4.1 The contract objective is to source high-quality Occupational Health Services (OHS) for Dundee City Council. This includes physician-led advice, nurse-led case management, physiotherapy, counselling, vaccinations, and other related services.

4.2 Dundee City Council require this timely evidence based OHS in order to manage sickness absence, support safe return to work, meet statutory obligations for health surveillance and support workforce wellbeing. There is a further requirement for secure, modern reporting, GDPR compliance and clinical governance standards.

4.3 The use of these services reduces average days lost to sickness, manages risks to the health of employees potentially exposed to unavoidable hazards during their work activities, faster case resolutions, and ensures consistent clinical quality over a range of services.

5.0 SOURCING STRATEGY SUMMARY

- 5.1 People Asset Management (PAM) have been providing the services to Dundee City Council since 2019, following a collaborative tender exercise which was carried out by Tayside Procurement Consortium. This arrangement ended on 31 March 2025; however, PAM have continued to provide services to date, to ensure business continuity, due to the Scotland Excel framework not yet being available to draw down against at that date. Costs for occupational health provision for the financial year 2025/26 have again been at 2019 rates, with no uplift applied by PAM during this period.
- 5.2 During this period, Scotland Excel were tasked with establishing a collaborative contracting solution for local authorities in delivering their OHS in Scotland. This involved a procurement exercise (mini competition from Crown Commercial Services Framework RM6296) for a single supplier solution, whereby each of the participating authorities enter into a call-off contract with the successful bidder. This procurement exercise focussed on achieving cost savings/best value for all participants. After Scotland Excel experienced some unanticipated delays during the both the scoping and procurement stages, award was made to PAM as the successful supplier.
- 5.3 The intention is therefore to procure PAM using the compliant route to market via Crown Commercial Services (CCS) Framework RM6296 (SXL NFC191).
- 5.4 The contract duration will be four years in the first instance, with a full one-year optional extension followed by a part-year five-month optional extension to coincide with conclusion of the overarching Framework Agreement. The budget value for this contract is approximately £1,950,000 over the contractual period.
- 5.5 To maintain the existing budget and expenditure levels, minor adjustments to service delivery will be implemented. These changes have been made possible through flexibility and collaboration between DCC and PAM colleagues. This approach ensures DCC continues to receive high-quality core Occupational Health Services, meets statutory obligations, and maintains budgetary control. Spend against budget will be monitored through contract monitoring and review meetings.
- 5.6 The adjustments to be implemented include more robust triage by managers before arranging supports for employees; greater use of self-directed support, using high-quality online resources supplied by PAM; and for longer-term support for those employees which require this, particularly around mental health and wellbeing, to be triaged and progressed via other existing appropriate routes, such as access to the Employee Assistance Programme, self-referral for confidential counselling via Able Futures and triage, signposting and direct support from the Wellbeing Team and the Wellbeing Adviser. These have the additional benefit of a lower cost profile. Updated guidance will be issued to managers to ensure that engagement with the OH contract is in line with these adjustments.

6.0 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.	Under the Framework agreement, costs are fixed for the duration, unless otherwise agreed via SXL/CCS.
In addition, there is a further risk that demand for occupational health services referrals may	Payments to the supplier would be monitored and managed through the established revenue

increase over the period that would ultimately lead to an increased cost for the employer given the variable cost of this element of the service.	budget monitoring processes and corrective actions taken to address any budget variances.
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 Specification is clearly defined and was part of the overarching Framework Agreement and collaborative call-off solution.
Performance Risk - This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits.	Previous experience with PAM has evidenced they perform consistently to a high standard and in accordance with Dundee City Councils requirements.
Contractual Risk - Being able to remedy the shortcomings in the contractor's performance without severely damaging the contract and avoiding reliance on the contracted supplier as the contract develops.	The overarching Framework Service Specification and Contract Conditions provide structure for monitoring performance. The Call-off is underpinned by clear overarching Terms and Conditions.
Procurement Risk - where a procurement is found unsound in law, through the public procurement rules.	The procurement exercise has been carried out in compliance with the Public Procurement (Scotland) Regulations 2015.

7.0 CONCLUSION

- 7.1 It is recommended that the contract award is made to People Asset Management (PAM). Maintaining the current supplier relationship ensures continuity, mitigates unnecessary risk and supports long-term value for this essential statutory service.

8.0 POLICY IMPLICATIONS

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

9.0 CONSULTATION

- 9.1 The Council Leadership Team were consulted in the preparation of this report.

10.0 BACKGROUND PAPERS

- 10.1 None.

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