

Managing Sickness Absence in Small and Medium Enterprises

For

The Department for Work and Pensions

**Invitation to Tender Specification and
Supporting Information**

Contract Reference Number: UI_DWP_101961

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SPECIFICATION

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1. PURPOSE

Department for Work and Pensions (“Authority”) is working with Innovate UK (an executive non-departmental body sponsored by BIS) to seek innovative proposals for interventions aimed at better supporting small and medium enterprises (SMEs) to manage long term sickness absences and support early returns to work.

“How do we support SMEs to manage the first four weeks of sickness absence in a way that best facilitates a return to work?”

The key driver for the competition is to investigate what innovations could better answer the challenge of supporting SMEs to manage the early stages of sickness absence; doing so will help improve the government’s evidence base regarding effective work and health interventions.

The Work and Health Unit (WHU) is the Authority’s business lead for this competition. WHU is a joint initiative of the Department of Work and Pensions (DWP), the Department of Health (DH) and other relevant departments and bodies. It aims to improve productivity and labour market participation.

2. BACKGROUND

Long spells of sickness absence can be life-changing for individuals, whilst sickness absence poses significant costs to businesses and government.

- 130 million days are lost due to sickness absence a year
- Cost to businesses is an estimated £9bn in sick pay and associated costs
- 4 consecutive weeks of sickness absence presents an increased risk of leaving the labour market.
- 1 in 5 people who reach 6 weeks of sick pay eventually leave work.

Addressing sickness absence therefore does not just offer economic benefits for businesses, individuals and the state, but improves businesses' productivity, and individuals' wellbeing. By focusing on the first four weeks of sickness absences (i.e. before the threshold for increased risk of long-term worklessness) it is expected that outcomes for employees and employers would be improved.

The usual definition of small and medium sized enterprises (SMEs) is any business with fewer than 250 employees. Absences are felt more acutely by SMEs than by larger organisations, since the smaller the workforce, the greater the impact an absentee has; furthermore, SMEs are far less likely to have access to occupational health support (just 1 in 10 SMEs compared to 8 in 10 large employers). These issues are particularly acute for micro enterprises i.e. those with fewer than 10 employees.

The Authority is seeking to encourage an innovative and creative approach from bidders supporting SMEs to manage the first four weeks of sickness absence within their workforce, in a way that best facilitates a return to work for their employees.

3.1 PHASE 1 – Requirement

As part of Phase 1, tenderers are required to undertake a feasibility study to examine and investigate their innovative approach and proposed solution to support SMEs to manage the first four weeks of sickness absence within their workforce.

After completion of their feasibility study, tenderers must make a proposal with their solution to Sickness Absence.

The tenderer's feasibility study must explain what the tenderer solution is and how the Tenderer can improve Sickness Absence.

Your feasibility study and innovation approach must explain what your solution is, and how you can bring improvement into this area. The Authority requires an understanding of what would be developed into a working prototype model for potential pilot use.

The following key points must be demonstrated in the tender submission and throughout the feasibility study:

- A clear focus on the initial 4 weeks of sick absence, effectively managing absences relating to disabilities or physical or mental health conditions, leading to a return to work.
- A clear approach as to how the employee and employer could use your solution
- A description of the innovations, systems or technologies (existing or otherwise) that your solution uses
- A clear understanding of the impact of sickness absence rates on productivity and what specific challenges and risks this creates for SMEs around productivity and growth. The cost effectiveness of your proposed solution, specifying where your proposal would reduce the financial impacts on the employer
- An awareness of any links to existing resources within the Health system (occupational health support, NHS provision etc.) that your solution would interact with
- An explanation of how your solution could be effectively utilised in micro (those with fewer than 10 employees), small and medium enterprises
- A clear management plan (in Microsoft Excel Format) containing a time bound programme of all activities required to produce your feasibility study and develop your proposed solution into a working prototype. It must contain all activities, timescales, deliverables, resource requirements and your proposed price for completion of Phase 2 (with detailed breakdown of costs)

3.2 PHASE 2 – Requirement

The intention of the Authority is that your activities in Phase 1 should have enabled you to have reached a stage where your feasibility study could be developed into a working prototype.

The Authority intends to progress two bidders into Phase 2, which will require tenderers to develop their feasibility study into a working prototype. If bidders choose to undertake any pilot operations as part of developing their solution to prototype, such activity must be undertaken at no additional cost to the Authority (no additional cost to that proposed by the bidder in the management plan provided to the Authority upon completion of Phase 1).

Your working prototype must demonstrate the following key points:

- A clear focus on the initial 4 weeks of sick absence, effectively managing absences relating to disabilities or physical or mental health conditions and leading to a return to work
- A clear approach as to how the employee and employer could use your solution
- A description of the innovations, systems or technologies (existing or otherwise) that your solution uses
- A clear understanding of the impact of sickness absence rates on productivity and what specific challenges and risks this creates for SMEs around productivity and growth
- The cost effectiveness of your prototype, specifying where / how this would reduce the financial impacts on the employer
- An awareness of any links to existing resources within the National Health system (occupational health support, NHS provision etc.) that your solution would interact with.
- An explanation of how your prototype solution could be effectively utilised in micro (those with less than 10 employees), small and medium enterprises
- A clear management plan containing a time-bound programme of all activities to produce your solution into a prototype, how it would be tested and meet all necessary legal and standards compliance to enable pilots to run. The plan must contain all activities, timescales, deliverables and resource requirements
- A full and final report of your feasibility study with an accessible technical annex detailing survey methodology and reference sources

CRITICAL SUCCESS FACTORS

Outlined below are the key critical success factors the Authority is seeking to deliver successfully for SMEs through innovation:

- An increased rate of returns to work within the first 4 weeks of sickness absence
- Innovative ways to support absence management
- Value for money
- Improved links with existing Health systems
- Continued development of staff wellbeing

Tenderers will be judged against the evaluation criteria as specified in ITT - the above is intended to demonstrate the overall contribution to sickness absence management the Authority is seeking to establish.

Tenderer Skills

Tenderers will need to display the following:

- An innovative approach
- Technical competence
- Competency in user testing/user experience research
- The ability to set objectives and design research
- Creativity when problem-solving
- Excellent communication skills(both written and verbal)
- Clear management of their cost and management plans
- Clear management of issues arising from research proposal findings, prototypes and pilots (where used)
- Recognition and adherence to all ethical and legal standards
- Clear understanding and articulation of the scalability of their research proposal findings (for use by micro, small and medium sized enterprises)

Tenderers will also be expected to make it clear why they consider themselves competent in sickness absence management.

MANAGEMENT INFORMATION

Successful tenderers will be required to provide monthly updates on progress against:

- their cost plan, in keeping with the Authority's payment model
- their management plan, in keeping with their own milestone(s)

A two-page template will be provided post contract award, by the Authority, which tenderers should use to summarise their updates.

Successful tenderers will also be required to attend meetings (at least monthly) by telekit, video conference or in person (as appropriate) - to discuss activity undertaken, key findings and next steps.

PERFORMANCE MANAGEMENT

Contracts will be managed by the Authority's Commercial Directorate and the Work and Health Unit.

The Authority monitors the performance of all its successful suppliers on a continual basis, using:

- monthly analysis of management information (Phases 1 & 2)
- performance management (Phases 1 & 2)
- regular business management meetings (Phases 1 & 2)
- quality assessment (potentially in Phase 2)
- customer satisfaction feedback (potentially in Phase 2)

These arrangements aim to identify any performance issues and enable corrective measures to be taken where required.

In order to ensure that public money is safeguarded and payments made only against agreed levels, successful tenderers and their contracts will be managed in line with the following key features:

- Contracting, to set performance targets and establish the framework of requirements on successful tenders
- Controls and assurance, to check that successful tenders are accurately recording performance achievements and that payments are being made accurately, and to assess the continued operation of controls
- Contract management; to keep successful tenderers working to the highest standards of performance, quality and compliance, and to secure improvements where shortfalls are identified
- Investigation of alleged or identified irregularities, in which the Authority's Risk Assurance Division is a key player.

TRAVEL, ADDITIONAL COSTS, AND ADDITIONAL SUPPORT

It is for tenders to determine whether they should include miscellaneous participants' costs such as travel, childcare and caring costs within their bid.

Such costs will not be funded additionally by the Authority and should therefore be taken into account in your price submissions.

Expenses

The Authority will not separately reimburse incidental expenses incurred by your organisation or its employees in connection with preparation of your bid or fulfilment of the services.

These costs should be included in your price submissions

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