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Award

## **Provision and administration of UUPLC employee healthcare insurance and cash plan benefits scheme.**

UNITED UTILITIES WATER LIMITED

F15: Voluntary ex ante transparency notice

Notice identifier: 2021/S 000-020309

Procurement identifier (OCID): ocds-h6vhtk-02d6c4

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### **Section I: Contracting authority/entity**

#### **I.1) Name and addresses**

UNITED UTILITIES WATER LIMITED

Haweswater House,Lingley Mere Business Park, Lingley Green Avenue, Great Sankey

WARRINGTON

WA53LP

#### **Contact**

Christine Ng

#### **Email**

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#### **Telephone**

+44 7384241361

#### **Country**

United Kingdom

**NUTS code**

UK - United Kingdom

**Internet address(es)**

Main address

<https://www.unitedutilities.com>

**I.6) Main activity**

Water

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**Section II: Object**

**II.1) Scope of the procurement**

**II.1.1) Title**

Provision and administration of UUPLC employee healthcare insurance and cash plan benefits scheme.

Reference number

PRO004377

**II.1.2) Main CPV code**

- 66510000 - Insurance services

**II.1.3) Type of contract**

Services

**II.1.4) Short description**

United Utilities PLC provides healthcare benefits as part of its employee benefits package to the majority of its non-managerial grade employees; the Employee Healthcare Scheme. Eligible employees are contractually entitled to the benefit but can opt out if they wish to do so.

The benefits provided cover a range of medical interventions, services and treatments, some of which are paid directly by the insurer and some of which are paid for by employees and then reimbursed by the insurer (subject to certain limits). To this extent the scheme is a "hybrid" of private medical insurance type benefits and health cash plan type benefits. The core benefit is Company funded but employees can opt to increase cover beyond the core cover at their own cost.

The administration of the scheme includes management of claims handling, customer services including a help desk facility, online self-service functionality and provision of management information and reporting.

### **II.1.6) Information about lots**

This contract is divided into lots: No

## **II.2) Description**

### **II.2.2) Additional CPV code(s)**

- 66512200 - Health insurance services
- 66512220 - Medical insurance services
- 75122000 - Administrative healthcare services
- 85100000 - Health services

### **II.2.3) Place of performance**

NUTS codes

- UK - United Kingdom

### **II.2.4) Description of the procurement**

The services include the management (including administration and claims handling) and provision of private medical health insurance and cash plan benefits. Health insurance benefits provide cover for the identification and treatment of health conditions, whereas cash plan benefits can be used to pay for every day benefits such as cash back for dental and optical treatment, or payment towards the birth of a child. Varying levels of cover per each benefit are offered to United Utilities employees as follows:

- Private Medical Benefits
  - Payment for private surgical treatment

- Cash benefit for NHS treatment in/day patient stays
- Scans
  - Refunds for MRI, CT, Thallium, Perfusion and PET scans
- Therapy
  - Treatment from registered physiotherapists, osteopaths, chiropractors, homeopaths, psychologists/psychotherapists, acupuncturists, chiropodists or podiatrists.
- Consultations (or second opinions)
  - Virtual and telephone/ digital consultations
  - Pre and post- operative tests,
  - Diagnostic tests
  - Vaccinations
  - Prescription charges
  - Flu jabs carried out by GP or pharmacist.
- Optical
  - Eye tests, Glasses, Contact Lenses and Prescription Sunglasses
- Dental Routine
  - Check-ups, Scale and polish, X-rays, Fillings and Hygienist treatment
- Dental Trauma
  - Restorative dental treatment needed as a result of an injury to the teeth or jaw
- Baby
  - Cash payment on the birth or adoption of each new child

- Out- patient
  - Cash payment for each day in an NHS hospital as an out patient
- A&E
  - Cash payment to help with the unexpected costs of A&E attendance
- Healthcare top ups
  - To enable employees to increase their optical, dental, dental trauma, consultation and therapy benefits by making an additional net pay deduction
- Healthcare top ups for dependants
  - Option to add dependants onto cover by making a net pay deduction

#### **II.2.11) Information about options**

Options: No

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## Section IV. Procedure

### IV.1) Description

#### IV.1.1) Type of procedure

Award of a contract without prior publication of a call for competition in the cases listed below

- The procurement falls outside the scope of application of the regulations

Explanation:

The procurement falls outside the scope of application of the Utilities Contracts Regulations 2016. With reference to Regulation 11, the procurement of these optional employee benefits do not involve the provision or operation of fixed networks intended to provide a service to the public in connection with the production, transport or distribution of drinking water.

- The optional membership benefits under this procurement are made available to employees irrespective of whether they are employed by United Utilities PLC (outside of scope of the regulations) or by its subsidiary United Utilities Water Ltd "the Utility" as defined under the Utilities Contracts Regulations 2016.
- UUPLC directly arrange and pay the provider directly for membership of the scheme, which are treated as employee expenses and benefits in accordance with HMRC guidelines. As a taxable benefit in kind for employees opting to receive the benefit, United Utilities has chosen to apply the tax charge on a monthly basis through payroll rather than include the tax charge via the annual P11D reporting process.
- The tax treatment of the scope of these services is incompatible with classification of the same scope of services to be considered in any way as the "provision or operation of fixed networks intended to provide a service to the public in connection with the production, transport or distribution of drinking water."
- The scope of benefits provided differs from occupational health treatment schemes, in that the benefits available are independent of employees' or of their dependants' (where an employee has opted to extend membership to a dependent who is not an employee of UU) ability to work in connection with the production, transport or distribution of drinking water.
- The scope of services does not include medical treatment to help an employee return to work. Eligibility for claims under the scheme is not subject to either fitness for work assessments or a pre-requisite for employees to be absent from work due to injury or ill

health, nor are absent employees required/compelled to access the services even if doing so may assist them in returning to work.

Due Diligence:

Although the services are out of the scope of the UCR 2016 regulations, in good faith, United Utilities voluntarily performed due diligence with the original intention of facilitating a UCR 2016 compliant competitive tender process to ensure value for money:

- To this, United Utilities issued an initial Periodic Indicative Notice (PIN) to ascertain potential economic operators for a competitive process. Responses were received with responders stating that only part, and not all, of the service requirements could be provided. A second Periodic Indicative Notice (PIN) was then issued. However, again, nil economic providers responded who were able to provide the full scope of services.
- A further step of rigour was undertaken by United Utilities by actively and directly soliciting responses from other economic operators who had not responded to the previous two PINs. The economic operators approached confirmed that they could not provide the scope of services in its entirety; their responses supporting the position that competition for this full scope of benefits is technically absent.

United Utilities concluded that the incumbent provider offers the full scope of services, and they only, have the means to provide all the requirements of the existing United Utilities Employee Healthcare Scheme in full.

Any change to the existing benefits provided would be subject to significant, disruptive and lengthy consultations across the employee workforce. The commitment to provide this scope of benefits has been embedded and relied upon by United Utilities employees in their employment agreements for many years.

#### **IV.1.3) Information about a framework agreement**

The procurement involves the establishment of a framework agreement

#### **IV.1.8) Information about the Government Procurement Agreement (GPA)**

The procurement is covered by the Government Procurement Agreement: No

### **IV.2) Administrative information**

#### **IV.2.1) Previous publication concerning this procedure**

Notice number: [2020/S 207-506545](#)

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## **Section V. Award of contract/concession**

A contract/lot is awarded: Yes

### **V.2) Award of contract/concession**

#### **V.2.1) Date of conclusion of the contract**

19 August 2021

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## **Section VI. Complementary information**

### **VI.4) Procedures for review**

#### **VI.4.1) Review body**

High Court of England and Wales

London

Country

United Kingdom