



Notice of Non-key Executive Decision

Subject Heading:	To commence a mini competition via the Clinical & Digital Information System (CDIS) framework for the Digitisation of Post Services on behalf of the London Borough of Havering
Cabinet Member:	Councillor Roger Ramsey
SLT Lead:	Jane West, Chief Operating Officer
Report Author and contact details:	Minesh Patel Minesh.Patel@oneSource.co.uk
Policy context:	The Council's Transformation Programme includes a project to implement a digital post service. This report requests approval to commence the procurement process for the service. This supports the Council's Corporate Plan priority to deliver value for money.
Financial summary:	Estimated Annual Contract Value of £80k (£320,000 over 4 year contract life) To be funded from the existing revenue budget for the current post room. Plus estimated one off supplier implementation cost of £52,500 to be funded from the Transformation Reserve. The project is due to deliver savings of £50k during 2019/20.
Relevant OSC:	Overview and Scrutiny Board
Is this decision exempt from being called-in?	It is a non-key decision by a member of staff

The subject matter of this report deals with the following Council Objectives

Communities making Havering
 Places making Havering
 Opportunities making Havering
 Connections making Havering

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

That the Interim Executive Director of oneSource authorises officers to carry out a tender for the digitalisation of incoming and outgoing postal services based on the information, procedures and processes detailed in this report.

AUTHORITY UNDER WHICH DECISION IS MADE

3.4 Powers of Second Tier Managers (managers directly reporting to a SLT Director); Contract Powers

To approve commencement of a tendering process for all contracts below a total contract value of £500,000 but above the EU Threshold for Supplies and Services.

STATEMENT OF THE REASONS FOR THE DECISION

To approve the strategic procurement unit (SPU) commencing the tendering for the digitalisation of postal services on behalf of Havering. This decision supports the Councils Transformation Programme.

The current postal is a typical/traditional postal service, by digitalising both incoming and outgoing post the Council will be able to make the process of both receiving and creating outgoing post more efficient.

This will be achieved by incoming post being scanned and received by the recipient electronically whilst outgoing post once created by the sender will be sent as an electronic document to the supplier who provides the printing and mailing service of the item.

This will support the Council in developing new ways of working and amongst other benefits allow officers to work remotely whilst still able to access incoming post and also to send outgoing mail without the need to be based in the office.

Given the potential value of the proposed contract, the European Union (EU) Procurement rules will apply. Compliance with the EU Procurement rules will ensure compliance with the Council's own competition requirements.

It is proposed to award a contract following a mini tender. To ensure the best commercial solution, providing value for money is achieved from this tender exercise the tender will be evaluated on the basis of 60% quality and 40% pricing.

It is anticipated that the new agreement will encourage or introduce:

- efficiencies and savings.

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- reduce in the carbon footprint.
- increase security and controls.
- enhance efficiencies within each service user.
- increase productivity.
- improve use of staff resources resulting in increase staff morale.
- enable staff to work with less emphasis on paper.
- enable staff to access incoming post and send outgoing post from where ever they are (without the need of being in the office).
- centralise and standardise service delivery, thereby benefiting from savings accrued through economies of scale and savings managing Royal Mail and other courier costs.

There will of course be some elements which cannot be digitised and the supplier will be expected to pass these back to our in-house team to process'

Based on historical volumes it is expected that 259,000 items of outgoing and 88,000 items of incoming mail will be captured as part of the digitisation of post.

The expected cost of the provision of digitising the postal services is:

- one off set up costs £52,500
- annual provision of the service £80,000 (£320,000 over 4 years)

A business case supported by SLT has been signed off agreeing to the digitisation of the mail service. The project is anticipated to deliver savings of between £25k-£50k. Savings of £50k are already included in the MTF5.

Recommendation

It is recommended that the Council uses the CDIS framework to carry out a further competition for a digital mail service.

By using the recommended framework Clinical and Digital Information Systems (CDIS) and the recommended Lot (3.1B) will allow the Council to move forward with this procurement for this service area.

OTHER OPTIONS CONSIDERED AND REJECTED

- The option of further competition via other existing frameworks have been considered but are not viable as:
 - (a) LB Westminster framework expires in a few months and therefore insufficient time to conclude a call off
 - (b) CCS, the current framework has been extended to February 2020 but with the caveat that all call offs must end February 2021, the replacement framework will not be awarded until 2020 at the earliest.
- Havering considered setting up a new framework which could be accessed by other boroughs. This was discounted due to the timescales involved.

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- Joint procurement with other boroughs was also considered but this would have meant delaying the Havering procurement as the Councils contacted were not ready to proceed at this time.
- That the contract is not tendered and Havering enters into individual contracts with suppliers which will have a significant impact on the cost of providing and staff resources.

PRE-DECISION CONSULTATION

N/A

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Minesh Patel

Designation: Digitising of Incoming and Outgoing Post Services

Signature: *Minesh Patel*

Date: 4th April 2019

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

This report seeks authority to digitalise the post service by procuring managed print services via a framework.

As set out above, officers intend to call-off from the Clinical & Digital Information System framework (OJEU 2016/S 061-104740). The Framework appears to be EU compliant in accordance with the Public Contracts Regulations 2015. The framework agreement commenced on 8 December 2016; participating authorities therefore have until 7 December 2020 to call-off a supplier from this Framework.

The Council's Contract Procedure Rules (CPRs) confirm that all purchases under a framework shall either not require further competition (if a single supplier) or, if there are two or more suppliers for those goods or services on the framework, follow the express framework provisions for choosing a supplier. If there are no such express provisions a mini-competition should be held amongst the relevant suppliers.

The Framework affords participating authorities the option to either directly award a contract or conduct a mini-tender.

In accordance with CPR 20, officers will call-off services from Lot 3.1(B) Fully Managed Document Service (MFDS/COMMS/MPS) and the contract will be awarded after further competition. Subject to approval through the Checkpoint process, officers intend to depart from the Council's predetermined best price-quality ratio (70% price and 30% quality) by evaluating the tenders received against a 40% price and 60% quality weighting.

As the contract value exceeds £150,000 the contract must be executed as a deed by the affixing of the Council's seal.

The Human Resources implications refer to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). If TUPE does apply, the call-off contract must contain "entry provisions" relating to the initial transfer of services from the Council to the supplier and "exit provisions" relating to the termination of the services by the supplier and the subsequent transfer of the services to either a subsequent supplier or back in-house to the Council. Furthermore, the Council will be under a duty to disclose any relevant TUPE information to enable the bidders to accurately price their tender submissions. Human Resources will also need to consider whether the change in service could lead to redundancies for the successful supplier.

FINANCIAL IMPLICATIONS AND RISKS

Estimated Costs and funding are set out below:

One Off Costs:

Estimated Supplier Implementation Costs	£52,500
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Funding:

Transformation Reserve*	£52,500
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*A business case has been approved by SLT which considers the full implementation costs of the project from development of the business case through to go live. Funding for the project has been approved from the transformation reserve. Within the business case there are estimated one off supplier costs of £52,500.

<u>Ongoing Costs</u>	Estimated Annual Value £	(4 Year Contract Value £)
Digital Post Service	£80,000	£320,000
Funded from:		
Revenue Budget for Post Room	£80,000	

These costs have been estimated on the basis that TUPE does not apply to this contract. Should it be confirmed at a later date that TUPE does apply the financial implications will need to be reassessed as it is likely that this would result in significantly increased costs from the supplier.

There is a risk that actual tender costs will be differ significantly from those estimated. However, a separate Key Executive Decision will be submitted prior to the award of tender which will reassess the financial implications of the project.

The project is anticipated to deliver savings of between £25k-£50k. Savings of £50k are already included in the MTFs.

**HUMAN RESOURCES IMPLICATIONS AND RISKS
(AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

There are currently eight members of staff in the Havering post room that this proposal will impact on. These eight members of staff work half of their time covering postal related activities and the other half is spent covering corporate support duties. Therefore the total FTE dealing with postal activity is four. If 60% of the post was going to be digitised in the future at the cost of 30% to digitise by a specialist service provider, this could potentially result in a reduction of two members of staff after implementation.

This proposal creates the possibility of a number of redundancies which therefore give rise to redundancy costs including redundancy payments and, where staff are eligible, pension costs. Actual redundancy and pension costs can not be calculated until the actual staff are identified. It is thought unlikely that TUPE will apply as the new service is significantly different from the existing postal service.

Individual staff that could be made redundant have not been identified at this stage. Any proposals that place employees at risk of redundancy will be subject to the Councils agreed Organisational Change processes which includes a statutory formal consultation period with the Councils recognised Trade Unions and affected employees. Every effort should be made to avoid redundancies and to this end, the service area will work with the affected staff to see

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how best they can be redeployed to suitable alternative roles either within the service area or to other parts of the council.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

Consultation

In terms of administrative law this has a specific meaning, and if done has to be done properly and fairly i.e. sufficient time and information for consultees to comment meaningfully on the proposed plan and the consultation responses taken conscientiously into account by the decision maker.

A full Equality Impact Assessment (EIA) will need to be undertaken once the decision is made as to which option will be chosen. Options 2 and 3 both reduce the number of posts in the service and therefore potentially place a number of Council employees at risk of redundancy. Consideration will need to be given to any adverse impact on affected employees with protected characteristics and whether reasonable adjustments are required.

BACKGROUND PAPERS

Appendices

1. Transforming our Post Services Business Case
2. Transforming our Post Services Detailed Report

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Geraldine Minchin - HR

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Vernal Scott - Corporate Diversity Advisor

BACKGROUND PAPERS

Please find attached Business Case.

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable

~~Proposal NOT agreed because-~~

Details of decision maker

Signed Jane West

Name: JANE WEST

Cabinet Portfolio held:

CMT Member title: CHIEF OPERATING OFFICER

Head of Service title

Other manager title:

Date: 4/4/19

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on 5/4/2019

Signed [Signature]