



Notice of Non-key Executive Decision

Subject Heading:	Approval to commence a procurement process for a document storage contract.
Cabinet Member:	Councillor Roger Ramsey
SLT Lead:	Jane West, Chief Operating Officer
Report Author and contact details:	Ron Belgrave tel: 01708-434463 E-mail: ron.belgrave@havering.gov.uk
Policy context:	High Customer Satisfaction and a Stable Council Tax - Commission goods and services in a way that provides the best possible value for money.
Financial summary:	Estimated costs of £30k per annum (£300k over 10 year life of contract). Funded by individual departmental revenue budgets. One-off costs to move from current supplier currently under negotiation.
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:

- Opportunities making Havering [✓]
- Connections making Havering [✓]

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

That the Chief Operating Officer authorises officers to commence a procurement process for off-site paper storage. This will then establish whether, via the ESPO framework 390 (titled "Document Management Solutions"), a further competition or a direct award is the most appropriate way forward.

AUTHORITY UNDER WHICH DECISION IS MADE

3.4 Powers of Powers of Second Tier Managers - Contract Powers

To approve commencement of a tendering process for, and to award 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

Off-site document storage is currently provided by Iron Mountain through two contracts. The first contract (primarily used by Children's Services) was procured in 2002 and has been renewed annually. The second contract (primarily used by other depts.) was procured in 2014 via a Government framework but has now expired. As a result, the Council has not fully market tested and procured new storage arrangements for a number of years.

At present, the Council has around 8,000 boxes of paper documents in store (reduced from 9,200 in March 2018) containing c.6 million paper documents. The spend with the supplier for the storage of these boxes plus other associated services, retrievals, destruction etc. is currently around £30K per annum (excluding the service for storing scanned/electronic Housing documents – which has recently been terminated).

The storage facility is used across a number of directorates across the Council – particularly Children's (3,742 – 48%) and Neighbourhoods (3,469 – 44%). Across departments, Children's Social Care currently has the single greatest share of the boxes at 40% (3,133) followed by Planning at 31% (2,415) and Housing at 12% (899) [May 2019 figures].

A process to clarify and regularise the service and contracting arrangements began in February 2018 and in June, in preparation for moving to a new single contract, departments embarked on a preliminary process to rationalise (and thereby reduce the cost of) the number of boxes of documents they had in store.

The East Shires Purchasing Organisation (ESPO) has, for some years, run a framework for the procurement of document storage services. The ESPO framework brings together all the main storage suppliers in the UK.

The previous framework had expired in 2017 but, in November 2018, ESPO launched their new 390 (Document Management Solutions) Framework and, later that month, provided a pricing schedule for the framework. However, as the prices for collection and delivery of documents were quoted in "price per mile", the costs of a direct award to any supplier were not viable for Havering given what the Council was paying to the current supplier at the time.

In January 2019, officers therefore started preparations for a further competition, under the framework, to seek more suitable costings. However, in March 2019, ESPO produced a revised pricing schedule which now quotes, amongst other things, in "price per trip" for collections/deliveries which is in line with previous Havering arrangements and is more cost effective.

Officers will now:

- a) determine which will be the most effective route for procurement (direct award based on the new pricing or a further competition)
- b) carry out the procurement accordingly, subject to a separate decision to review the recommended way forward prior to the award of any contract.

It is noted that suppliers may have based their "price per trip" on a presumption around deliveries and collections to Havering as a geographical location whereas collections from the Council's future post management provider (being procured under the TOPPS project – Transforming our Post and Print Services) may be located anywhere in the UK and may have an impact on pricing. Any additional costs related to the collection of documents from the TOPPS depot (as opposed to LBH sites in Romford) would need to be borne separately by service areas under arrangements to be confirmed by the TOPPS project.

Non-key Executive Decision

If a further competition is considered to be best, the opportunity will be evaluated under the ESPO rules of 50% price and 50% non-price. The non-price element may include Havering's developing requirements around social value.

As this type of service is typically a long-term requirement with records requiring to be stored for many years, and possibly never retrieved, it is proposed, through whichever route, to award a call off for up to 10 years based on an initial seven years with the option to extend for a further three years. ESPO has confirmed that this is permissible via their framework. Over a period of 10 years, the value of this contract would be around £300K.

The successful bidder will be required to provide a secure online portal for officers to be able to manage their records in store at a departmental level and to facilitate operational activity (eg. requesting deliveries and collections) whilst also allowing overall transparency and inventory management to all the Council's records by relevant monitoring officers. By managing all the Council's off-site paper storage activity through the portal, a robust audit trail is maintained.

It should also be noted that there would be an "exit fee" if the Council was to move to a supplier other than the current one. The current supplier has provided an estimate of this fee, the size of which is under question and may be subject to some negotiation/challenge by the Council. If the current supplier were to be awarded the new contract, there would be no exit fees to pay and officers will endeavour to minimise future exit fee liabilities under any new contract.

Internal discussion will determine which service area will be responsible for the monitoring and management of this new contract into the future to ensure robust oversight going forward.

This procurement will support the Council's modernisation agenda and the Smarter Working Programmes and ensure a more effective contractual environment.

OTHER OPTIONS CONSIDERED AND REJECTED

Option 1: Undertake a full Public Contracts Regulation 2015 compliant tender.

As all the key suppliers are named in the ESPO framework, there is little to be gained by adopting this approach. The cost of an EU procurement is dependent on the complexity of each case but an average indicative cost of running a full EU tender is around £12K.

Option 2: Do nothing.

This approach is not viable as it would place the Council in breach of the Public Contracts Regulations 2015 due to the value of the requirement. The Council needs to ensure that a suitable contract is in place due to the sensitivity of records being held in storage.

PRE-DECISION CONSULTATION

Discussions have been held with all service areas that currently have records held in store.

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

Name: Ron Belgrave

Designation: Project Manager, Programme Management Office

Signature: Ron Belgrave

Date: 24th May 2019

LEGAL IMPLICATIONS AND RISKS

The procurement route chosen will comply with the standard processes for selection of a supplier under a framework.

FINANCIAL IMPLICATIONS AND RISKS

Estimated Annual Costs of Contract £30,000*

** It is assumed that any costs as a result of any change in location for document drop-offs/collections associated with the TOPPS (Transforming Our Post & Print Services) project will be picked up in the TOPPS business case.*

Funded from Individual Departmental Budgets £30,000

Current annual costs are in the region of £32k to £34k and are not expected to significantly reduce under the new contract. The procurement is to ensure the Council complies with procurement rules and operates within a contract.

The procurement process will be delivered through existing resources.

The financial implications will be re-assessed after the procurement process and prior to the award of any contract.

The exit fees (from the current contracts) are subject to negotiation and there is a risk that they negate any benefit associated with the award of a contract to a new supplier. The project will factor this into the recommended way forward.

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

There are no HR implications arising directly as a result of the procurement process for a Document Storage contract.

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.

Non-key Executive Decision

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.

There are no Equalities and Social Inclusion implications arising directly as a result of the procurement process for a Document Storage contract.

BACKGROUND PAPERS

None.

Non-key Executive Decision
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:

Head of Service title:

Other manager title:

CHIEF OPERATING OFFICER

Date:

3/6/19

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

4/6/2019

Signed

J. J. R.