

**Notice of Non-key Executive Decision**

<b>Subject Heading:</b>	Approval to make a direct award for a (paper) document storage contract.
<b>Cabinet Member:</b>	Councillor Roger Ramsey
<b>SLT Lead:</b>	Jane West, Chief Operating Officer
<b>Report Author and contact details:</b>	Ron Belgrave tel: 01708-434463 E-mail: <a href="mailto:ron.belgrave@havering.gov.uk">ron.belgrave@havering.gov.uk</a>
<b>Policy context:</b>	High Customer Satisfaction and a Stable Council Tax - Commission goods and services in a way that provides the best possible value for money.
<b>Financial summary:</b>	Estimated average costs of £25K per annum (£125K over 5 year life of contract). Funded by individual departmental revenue budgets. Current costs are £30k per annum. Potential exit fees of £11K may be incurred at the end of the contract period.
<b>Relevant OSC:</b>	Overview and Scrutiny Board
<b>Is this decision exempt from being called-in?</b>	Yes - 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 [✓]

**Confidential Appendix** This report has a confidential appendix which is not for publication as it includes exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended.

**It is in the exempt part of the agenda because it refers to:**

- (a) estimates of the expenditure to be incurred for the supply of goods or services; and
- (b) the terms of the transaction between the Council and the prospective contractor and unsuccessful contractors

**and, in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information**

**DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

To award the contract for document storage to Iron Mountain (UK) PLC for a period of 5 years commencing 1<sup>st</sup> May 2021 at an estimated cost of £25K per annum and with estimated exit fees of £11K, total estimated cost £136K.

**AUTHORITY UNDER WHICH DECISION IS MADE**

**3.3 Powers of Members of the Senior Leadership Team**

Members of the Senior Leadership Team (SLT) have delegated authority to act as follows within the assigned service service/portfolio of responsibilities, subject to the general provisions and limitations set out in section 3.1 (of the Constitution).

**Contract powers**

- (b) To award all contracts with a total contract value of between £500,000 and £5,000,000 other than contracts covered by Contract procedure Rule 16.3.

**STATEMENT OF THE REASONS FOR THE DECISION**

Off-site paper document storage is currently provided by Iron Mountain through two contracts. The first contract (primarily used by Children’s Services) commenced in 2002 and now requires re- procurement. The second contract (primarily used by other depts. – particularly Planning) commenced in 2014 and has now expired. The Council wishes to bring all arrangements under a single contract.

At present, the Council has around 7,700 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 (including the service for storing scanned/electronic Housing documents) was around £55K in 2017/18, £55K in 2018/19 and £30K in 2019/20. A similar sum is expected for 2020/21.

A process to clarify and regularise the service and contracting arrangements began in February 2018 and departments subsequently embarked on a preliminary process to rationalise (and thereby reduce the overall cost of) the number of boxes of documents they had in store.

In March 2019 Havering terminated its electronic/digital storage service with Iron Mountain and migrated the scanned images (all Housing related) back to the Council.

The paper storage facility is used across a number of directorates across the Council – particularly Children’s (3,758 boxes – 48%) and Neighbourhoods (2,591 – 33%). Across departments, Children’s Social Care currently has the single greatest share of the boxes at 40% (3,105) followed by Planning at 32% (2,520) and Housing at 10% (767). *[figures 11/11/20]*

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Whilst the majority of new documents can be scanned and digitally stored, some Children's documents (such as original letters from the parents of adoptees) must be kept in their paper form and so there may be some increase in those sent for storage.

The majority of the documents currently in storage relate to Children's or Planning. Some Children's documents are required to be retained for 100 years (eg. fostered or looked after children) and some Planning documents must be retained for beyond the lifetime of the development. Whilst the majority are not required to be kept in paper form, it has not proven cost effective to have them scanned for digital storage. However, it is anticipated that, through further rationalisation action, the overall number of boxes in storage for Havering will reduce by a further 700 over the next three years resulting in a net amount of 7,000.

The Children's Service is the single biggest user of off-site paper storage. In mid-2019, the Council implemented a new social care case management system (Liquid Logic). This is a major new way of working for staff in both the Children's and Adults services and is expected to take some time to settle in. Consequently, it is considered that the number of other changes and new systems that may affect those staff should be minimised. To minimise any risks, it is deemed appropriate to not change the off-site paper storage supplier at this point in time.

In order to ensure that best value was being achieved despite not moving from the current supplier, officers referred to the pricing schedule from the current ESPO Document Management Solutions Framework 390-18 which collates the leading suppliers in the field. Whilst the current supplier's basic annual costs were not the cheapest for the services required, when factoring in including exit fees of current contract and costs of change, they were then the lowest. Detail in attached confidential appendix "Supplier Comparison" (exempt).

Therefore it is recommended that a single contract be issued to the current supplier (Iron Mountain) for the next five years (from January 2021).

As set out above, further reduction in storage boxes is projected. This, combined with the cheaper rates in the recommended new contract are anticipated to result in an average contract cost of £25K per year over the next three years with Iron Mountain and reducing further in subsequent years with annual purges on documents that have reached their retention limit.

This procurement will support the Council's modernisation agenda and the Smarter Working Programmes (through use of an online portal for orders) and ensure a more effective contractual environment.

### **OTHER OPTIONS CONSIDERED AND REJECTED**

Option 1: Conduct procurement under a Framework or via open competition.

For the reasons set out in this report, it is considered preferable to remain with the current supplier for an interim period. The prices offered by Iron Mountain have been benchmarked against the market in order to confirm that the contract represents best value. A direct award is therefore the preferred option.

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 also 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. Key departments (such as Children's and Planning) have been represented on the project board.

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

Name: Ron Belgrave

Designation: Project Manager, Programme Management Office

Signature: Ron Belgrave

Date: 28<sup>th</sup> April 2021

**Part B - Assessment of implications and risks**

**LEGAL IMPLICATIONS AND RISKS**

The Council has power to procure the contracts under the general power of competence contained in section 1 of the Localism Act 2011 which allows the Council to do anything that an individual may do subject to any statutory constraints on the Council's powers. None of the constraints on the Council's s.1 power are engaged by this decision.

The value of the contract is below the financial threshold for services of £189,330. Award of the contract is not caught by the full regime of the Public Contracts Regulations 2015. Procurement of the contract must be carried out in compliance with the Council's Contract Standing Orders. A waiver to the Council's Contract Standing Orders has been obtained to allow the direct award of the contract.

The Council has a duty to ensure it obtains Best Value in awarding contracts. Officers have set out in the report the reasons that the contract is considered to achieve best value.

The contract may be awarded for the reasons set out above.

**FINANCIAL IMPLICATIONS AND RISKS**

The decision to remain with the current contractor has fully considered the financial implications to the Council including the costs of changing suppliers both now, and at the end of the new contract. Details are set out in Appendix 1. Costs of the proposed contract are set out below:

Estimated Annual Costs of Contract	£25,000
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Funded from Individual Departmental Budgets	£25,000
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Current annual costs are in the region of £30K (based on the 12 months to Sep 2020 – excluding digital storage) and are expected to reduce under the new contract. This

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procurement is to ensure that the Council complies with procurement rules and operates within a contract.

The procurement process will be delivered through existing resources.

It is noted that at such time as the contract with the current provider comes to an end, an exit fee of around £11K will be payable if we move to a new supplier. The financial implications of this would be assessed as part of any decision to move to a new supplier.

### **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.

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**

Executive Decision "Approval to commence a procurement process for a document storage contract." Signed 3<sup>rd</sup> June 2019.

Competition Financial Thresholds Exceptions ("Procurement Waiver") – Document Storage – signed 6<sup>th</sup> May 2021.

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**Part C – Record of decision**

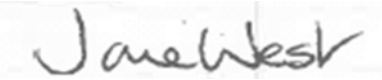
I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

**Decision**

Proposal agreed

**Delete as applicable**

**Details of decision maker**

Signed 

Name: Jane West

Cabinet Portfolio held:

CMT Member title: Chief Operating Officer

Head of Service title

Other manager title:

Date: 06.05.21

**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 \_\_\_\_\_

Signed \_\_\_\_\_