

TITLE OF REPORT: Variable Data Print Extension	
EXTENSION RECOMMENDATION	
Key Decision No FCR S 001	
CABINET PROCUREMENT & INSOURCING COMMITTEE MEETING DATE 7th June 2021	CLASSIFICATION: Open If exempt, the reason will be listed in the main body of this report.
WARD(S) AFFECTED All Wards	
CABINET MEMBER Mayor Glanville	
KEY DECISION No	
REASON Spending/or saving	
GROUP DIRECTOR Ian Williams Group Director Finance and Corporate Resources	

1. CABINET MEMBER'S INTRODUCTION

This report seeks approval to extend the required services, during this extension period a tendering exercise will be undertaken via a further competition via a Crown Commercial Service framework (RM6017). The report also provides an appraisal of the current external Variable Data printing services being used by services in Hackney Council. The services being provided are currently out of contract and are being provided by the incumbent supplier on the terms of the previous contract.

Since March 2020 work has been ongoing to review the existing contract and our requirements, however due to Covid and the impact of the Cyberattack retendering would have added additional disruption at a time when the council was already under pressure. We are now in a position to go ahead with this work.

As per council standing order 4.8, the value of the total life of this contract to date is currently at £2.8M approx (April 2016 - March 2020), which is over the £2m threshold stipulated in the CSO's and has to therefore come to the CPIC for review and approval.

2. GROUP DIRECTOR'S INTRODUCTION

This report sets out the recommendation to extend the current variable data print services contract.

The Council's current contract has expired and is operating under the terms of the previous contract. It is prudent that we extend this contract whilst we procure a new framework contract in order to continue to obtain best value for the Council as well as maintain service delivery for those business areas of the Council who rely upon its use.

The duration of extension will be for 27 months covering from 1st April 2020 and the extension contract will expire on 30th June 2022.

3. RECOMMENDATION(S)

The recommendation is to extend the contract from 1st April 2020 to 30th June 2022 with the cost for the proposed variation to be £1.048M approximately. This time will allow for a re procurement to be undertaken.

4. RELATED DECISIONS

The Council's Variable Data Print contract was approved for award in April 2016 by HPB and expired in March 2020.

5. OPTIONS APPRAISAL AND BUSINESS CASE (REASONS FOR DECISION)

The Council continues to have a requirement for these additional specialist print services and with the current contract having expired in March 2020, there is a need to reprocure via an appropriate framework. This contract will be a call off contract that enables a wide range of council services to use the contract when needed and when appropriate. The procurement and subsequent contract award does not commit the council to any spend for printing, notwithstanding any potential set up costs that could be charged by a new supplier as part of their commercial bid.

These specialist print services form part of our overall communications with residents. In recent years alternative avenues of communicating with residents have been explored and introduced, for example we are also making use of Gov.Notify built into new digital services to send bulk emails/SMS messages and letters to residents). The proposed future approach is to continue to use an effective mix of our in-house print, the Gov.Notify service and the external variable data print contract which is detailed in this paper to meet the Council's varied written communication needs with the residents and local businesses.

5.1 BENEFITS REALISATION / LESSONS LEARNED

FDML Plc are the council's current supplier for variable data print services and provide the production, print and postage services under this contract. Typically these are specialist areas of print that cannot be produced on Hackney's own in-house equipment.

Strategic Context:

The Variable Data print contract forms an integral part of the service delivery to Hackney residents and its customers with regards to the provision of information on Council Tax, Business Rates, Parking and Electoral services.

Typical examples of the types of items under the contract include the printing and production of council tax bills, parking permits and polling cards.

There has been a total spend of £2.8M approx from April 2016 to March 2020. And a further £298k approx up until March 2021. Bringing the total contract value to £3.1M approx.

Each department meets the expenditure carried out under this call off contract from their individual department budgets. This is the practice under the old contract and it will be expected to continue.

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The contract has been effective in supporting services to deliver against their KPIs and meet the needs of residents.

Preferred Option:

The preferred option is to extend the current contract until June 2022 which will allow sufficient time for procurement to work with the stakeholder to proceed to tender via a further competition to be undertaken via the Crown Commercial services frameworks RM6017 for Postal Goods, Services and Solutions (Lot 7: Hybrid Mail, Digital And Transformational Communications) which expires 30/11/23.

The preferred option ensures the Council can gain best value through the competitive pricing offered via CCS as well as being in line with Council requirements, in a call off contract that enables services to use this service when needed, whilst allowing us to transform the services to residents in line with changing user needs and behaviours.

ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

Do nothing: This option is not available to the Council as there is an ongoing requirement for the service which we cannot be met in house. Doing nothing places an ongoing risk to the council and the areas who require this work, as there is no formal contract in place.

Insourcing: Providing the service in-house is not cost effective due to the costs of investment needed into the Print Unit for the required specialist equipment and personnel, to be able to provide the range of services needed. It is also anticipated that the need for these services will reduce over the life of the contract (as described above in a strategic context) and therefore investment in specialist equipment would bring diminishing returns.

Whole Life Costing/Budgets:

The whole life costing for this contract was calculated in 2016 to cover the four year duration of the contract. This cost was based on the quoted costs for the historic annual volumes for each Service which would fluctuate year on year.

Each department will be expected to meet the expenditure carried out under this contract from their individual department budgets. This is practice under the current contract and it will be expected to continue.

Policy Context:

This extension supports the efficient administration of a range of council services as described above. Accurate and timely resident and business communication enables the smooth running of these services.

Consultation/Stakeholders:

Since March 2020 the stakeholders from all service areas have been engaged to establish current and future requirements, and gain insight on business change and transformation plans that will or potentially will have an impact on this contract.

Risk Assessment/Management:

The risk rating for the project, as assessed using the Risk Assessment Tool, is Medium Risk. Some of the key risks and the actions to mitigate these are detailed in the table below

Risk	Likelihood	Impact	Overall	Action to avoid or mitigate risk
	L – Low; M – Medium; H - High			
Lack of resources to carry out the project	M	H	M	Agree time and commitment from key personnel
Procurement fails to identify suppliers with the capability to supply the services required	L	H	L	Several current and potential suppliers have already expressed interest through market testing and there are many capable suppliers in the marketplace.

Print Service disrupted by change in suppliers	L	H	M	The preferred option provides the opportunity for existing suppliers to be appointed to the framework
Impact on current service due to any transitional arrangements	L/M	H	M	Establish and agree transitional action plans with new/old suppliers. Ensure close monitoring and compliance of all transitional arrangements.
Failure to promptly issue CT and NDR billing/ recovery documentation – impact on cash collection.	L	H	M	Daily liaison with contractor to ensure documents issued within timescales. Rigorous contract monitoring process.
Failure to issue rent/ garage/service charge statements, instalments slips on time. Potential failure to implement charge increases and subsequent impact on cash collection.	L	H	M	Daily liaison with contractor to ensure documents issued within timescales. Rigorous contract monitoring process.
Corruption/loss of data from main application systems	L	H	M	Regular liaison with contractor and ICT as necessary

Market Testing (Lessons Learnt/Benchmarking):

N/A as this is a contract extension recommendation

Savings:

Any savings will be difficult to measure due to fluctuating requirements. There is not a set budget for this print contract for individual print jobs, as the departments have general printing budgets only. All print spend is driven by demand. Savings will therefore not necessarily be evidenced by a decrease in the annual print spend, but will be tested and monitored by tracking the prices for regular orders where like-for-like comparisons can be made.

6. SUSTAINABILITY ISSUES

6.1 Equality Impact Assessment and Equality Issues

There are no equalities issues for this procurement. The contract was widely advertised through OJEU in 2016 and all Suppliers with the relevant experience, capacity and capability for this contract had the opportunity to apply for the contract. Those that submitted an application were also required to provide their equal opportunity policy and were able to demonstrate that the service provision is carried out with no discrimination to any category of people.

6.2 Environmental Issues:

There are a large range of environmental factors that taken into account when purchasing print services , such as the carbon footprint of paper mileage, the origin of the paper pulp, use of reusable envelopes and the chemicals used for whitening paper.

At the tender stage, all the bidders were required to submit their environmental policies, including Disposal of Waste policy. They were made fully aware of the Council's expectations about the use of recycled paper in the production of their documents and in the ordering of envelopes/reusable envelopes for returned documents.

When providing tender prices, suppliers were asked to provide prices against two paper types. The first is for paper made from virgin pulp from sustainably managed forests, which is the paper most commonly used with the current external print services arrangements. The second is for 100% recycled paper.

The successful supplier will be invited to keep the Print Manager up to date with any new developments in this area and make suggestions on how environmental impacts can be reduced throughout the life of the contract.

6.3 Contract Management:

The monthly service reviews will be carried out by the ICT Contract Management team, assisted by the LBH Service leaders of the contract to feedback on services provided from the contract and supplier (FDML Plc)

This will be overseen by:

- Karim Ali (ICT Contract officer)
- Stephen Addison (Senior ICT Contract Officer)

- Head of Revenues

Meetings will be held on a monthly/quarterly basis with reporting provided by the supplier.

Key Performance Indicators:

Service Standard	Target	Expected Level of Service
Production turnaround times for despatch.	48 hrs	100%
Number of spoils/duplicates	None	100%
Posting Errors/mismatch of documents	None	100%
Proofing of new document templates	24 hours within receipt of draft requirements	100%
Proofing of amended document templates	24 hours within receipt of draft requirements	100%
Final proof of new template documents	24 hours within receipt of final document amendments	100%
Final proof of amended document templates	24 hours within receipt of draft requirements	100%
Production of agreed monthly Management Information	Maximum of 7 working days following month end	100%

7. COMMENTS OF THE GROUP DIRECTOR FINANCE AND CORPORATE RESOURCES

This extension is approved, and it is understood this is a call-off contract, meaning spend will be on a job by job basis, as required. Jobs should be ordered taking into account available budget.

8. VAT Implications on Land & Property Transactions

N/A

9. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE

SERVICES

- 9.1 The current contract for Variable Data Print services expired on 31st March 2020 and this Report sets out the reasons why since that date it has not been possible to undertake a procurement process to continue service provision. To undertake a procurement in order to appoint a short term provider to commence the service immediately would be economically disadvantageous for the Council in terms of the price of tenders received and is unlikely to meet the needs of the Council. Therefore it is proposed to extend the current contract with the provider whilst the Council undertakes a substantive procurement exercise for future service provision.
- 9.2 It should be noted that there is, therefore, some risk to the Council that a challenge to the award of the contract could come from competitors the Council has not approached to undertake the services. If such a challenge were successful it is likely that the Council would be liable to pay the lost profits of a party who has successfully challenged as well as the costs of bringing such a challenge and potentially a fine from the government for a breach of the Regulations. This should be considered in the decision to approve the award in this Report. It is hoped that this risk can be minimised as the Council is simultaneously commencing a procurement process for a new service which competitors would be likely to respond to.

10. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

This contract variation is supported, it is essential contract, the Variable Data print contract forms an integral part of the service delivery to Hackney residents and its customers with regards to the provision of information on Council Tax, Business Rates, Parking and Electoral services. The extension will allow the Council to engage thoroughly with the stakeholder and conduct a thorough tendering exercise. As this service covers multiple stakeholders it is essential that all needs are captured.

APPENDICES

N/A

EXEMPT

N/A

BACKGROUND PAPERS

None

Report Author	Karim Ali 0208 356 2184 Contract Officer
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	Karim.ali@hackney.gov.uk
Comments for and on behalf of the Group Director Finance and Corporate Resources	James Newman 0208 356 1449 Chief Accountant James.Newman@hackney.gov.uk
Comments for and on behalf of Director of Legal and Governance Services	Patrick Rodger, Senior Lawyer Tel: (020) 8356 6187 Patrick.Rodger@hackney.gov.uk
Comments of the Procurement Category Lead	Judith Hughes 0208 356 2258 Category Lead, Corporate Services judith.hughes@hackney.gov.uk