

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting: 19th January 2016
Report of: Peter Bates, Chief Operating Officer
Subject/Title: Corporate Post and Print
Portfolio Holder: Councillor Peter Groves, Finance and Assets

1. Report Summary

- 1.1. Cheshire East Council's (CEC) post and print requirements are currently provided by several external suppliers as well as CEC in-house resource. They provide post and print services to various CEC departments. The total contract spend is approximately £1m in value per annum. This excludes the in-house print unit.
- 1.2. Procurement have established an opportunity to improve processes and make savings by consolidating all post and print requirements across CEC in a corporate post and print contract. Current contractual arrangements have been extended to December 2016 to allow sufficient time to go to market.
- 1.3. Procurement options have been considered in a gateway 1 document to TEG and EMB. These include
 1. Hybrid Mail Solution - phased approach across the Council
 2. Keeping the Print Unit and subcontracting postal marking and distribution
 3. Upgrade and utilise in house Print and Post Unit
- 1.4. The recommended approach is using a hybrid mail solution. Hybrid mail reduces the time, effort and money it takes to mail any volume of letters or documents for little or no capital outlay. It works by enabling users to send individual or multiple letters or documents created on any PC or laptop to a central print site via the internet. The finished letters are printed and merged with letters the printer has produced for other customers that day and sorted into Mailsort order ready for posting. At the end of each day the mail is then dispatched via bulk mail service.
- 1.5. The programme will be split into three phases to enable CEC to trial the solution with two service areas before it is rolled out to the wider Council.

Phase one of the project will involve gathering the requirements and procuring the new service; whilst, at the same time establishing any quick win savings and reviewing current process and practices within the Council.

Phase two involves the implementation process. The hybrid solution will be implemented within Revenue and Benefits and Electoral Services first due to the imminent need to re-procure due to contracts expiring.

Phase three will review the benefits achieved from the contract and the migration of any residual print and post operations.

The procurement will include the total requirements for the Council to ensure these can be included in the contract at later phases.

- 1.6. The purpose of this paper is to seek Cabinet approval to proceed with the procurement of a corporate print and post contract. The procurement route is being evaluated but is likely to be via a Framework by mini competition, letting a maximum 4 year contract, with a maximum total contract spending of £3,700,000.

2. Recommendation

- 2.1. That authority be delegated to the Chief Operating Officer in consultation with the Portfolio Holder for Finance and Assets to undertake the procurement and award of contracts to the new provider and to take all necessary steps to implement the new contract.

3. Other Options Considered

- 3.1. A range of options have been considered which include continuing to procure using individual service specific contracts or consolidating the Councils postal requirements to access more competitive postal rates and using a third party distributor. However the hybrid solution enables the greatest savings and cost efficiencies across the Council as it consolidates the requirements and streamlines processes to take advantage of economies of scale.

4. Reasons for Recommendation

- 4.1. The current print and post contracts for both the Revenue and Benefits Services and the Elections Service are due to expire within the next 12 months. They have been extended to December 2016 to allow sufficient time to tender the requirements in line with Public Procurement Legislation.
- 4.2. Other potential procurement options have been considered through a gateway 1 business case to TEG and EMB. Informal meetings with potential suppliers have been conducted to explore all potential options available. The phased hybrid solution offers the Council;

- Savings of between £300k - £500k for a fully managed hybrid post and print solution. The bulk of the savings will be realised once all phases are complete, however quick win savings will be generated and reported as the project progresses.
The savings figures are based on current volumes of print and post and do not take into consideration the overall objective to reduce print and post consumption within the Council.
- The ability to pilot the solution with two service areas to ensure its fit for purpose and to understand the operational and cultural implications before the residual print and post is included;
- Streamline the Council processes;
 1. Consolidate usage to benefit from economies of scale;
 2. Fewer contracts to manage by consolidating into one single corporate contract;
 3. Fewer invoices to process by consolidating all spend under one single contract and supplier.
- Improved traceability and security;
- Data handled and managed Safely and Securely by industry experts;

A change in the Councils post and print policy will be required.

- 4.3 There are a number of projects within the Council linked to post and print. These include
- Working Together Strategy (See Appendix 1)
 - ICT Reduction in Paper Consumption,
 - ICT MFD Review and ICT Reduction File Storage,
 - Reducing Travel to Meetings by using Lync, I-pads and
 - the Digitisation Project.

Care needs to be taken to ensure there is no double counting volumes, spend and savings.

- 4.4 This project will help with the overall culture change and feed into other projects to reinforce the message to reduce the amount we print as a Council.

- 4.5 This project will contribute to the following outcomes

- Ensuring quality and value in public services;
- A Council that ensures services are delivered in a way which gives best value for local people;

- Develop a more affordable model of corporate and support services with key subject expertise, to enable better strategic commissioning and delivery of frontline services;
- Continue targeted business improvement reviews to find efficiency savings from all services;
- Implement a modern business architecture, including ICT systems, which supports innovative and affordable frontline delivery.

5. Background/Chronology

- 5.1. As outlined above, the current contracts for print and post are due to expire in December 2016. Due to the level of spend on print and post an EU compliant procurement process needs to be undertaken.
- 5.2. The Councils print and post contracts are disaggregated across different service areas. There is an opportunity to streamline processes and gain economies of scale by consolidating all requirements under one corporate contract.
- 5.3. Options have been explored in a gate 1 business case which was endorsed in September 2015.

6. Wards Affected and Local Ward Members

- 6.1. No impact on any specific wards and Local Ward Members

7. Implications of Recommendation

7.1. Policy Implications

7.1.1. This project will need to consider the change in culture required to move to a hybrid print and post solution. Print and post will be sent off site electronically meaning a change in the way the Council does business. Officers and Members will need to support the change to enable the benefits to be achieved.

7.1.2. A new corporate print and post policy will need to be developed to support the change.

7.2. Legal Implications

7.2.1. The Council currently meets its needs for post and print services via individual contracts with a number of providers according to the particular needs of each individual service. In addition, some of the Council's requirements are met by an in-house resource.

7.2.2. It is proposed that that the Council procure an overarching contract to meet all of its outgoing print and post needs. The value of the proposed contract (£3,700,000.00) means that an EU complaint procurement process needs to take place.

7.2.3. Due consideration should be given during the procurement process to any implications arising from the potential transfer of staff (both from existing service providers and in-house resource) pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). Advice should be sought from HR and Legal Services in relation to in-house resource.

7.2.4. The Council has a duty to achieve best value and Cabinet will need to satisfy itself that the business case and the decision to take this approach will achieve this duty. Legal Service is not in a position to comment on best value to the Council approaching the procurement in this manner and looks to colleagues in the Finance and Procurement Services to provide guidance on the approach to procurement that would provide best value to the Council.

7.2.5. It is proposed that the Council carry out a mini-competition under an existing Framework Agreement. A framework agreement enables the need for a particular service to be met for a set period of time, in order to obviate the need to undertake a wide competitive process, in relation to each individual procurement. The legal section should be requested to advise on whether the particular framework agreement can be accessed by the Council (if it has not already done so) in order to ensure that this procurement route complies with EU requirements and the Council's rules.

7.2.6. The Public Services Social Value Act 2012 applies to framework agreements. It requires the Council to:

- consider how what is proposed to be procured might improve the social economic and environmental well-being of the relevant area
- how in conducting a procurement process it may act with a view to securing that improvement whether to undertake a consultation on this matters.

7.2.7.

7.2.8. The Data Protection Act 1998 will apply where personal data is processed on behalf of the Council, it requires the Council to:

- choose a data processor who provides sufficient guarantees in respect of technical and organisation security measures governing the processing to be carried out; and
- take reasonable steps to ensure compliance with those measures.

7.3. Financial Implications

7.3.1. The level of spend for print and post for 2014/2015 was approximately £1m. This level of spend is broadly on par with other Councils of a similar size.

7.3.2. Savings of between £300k - £500k are anticipated for a fully managed hybrid print and post solution over the lifetime of the contract. Thereafter it is anticipated that a reduction in base budget will be possible. Quick win savings will be generated during the project and reported as the project progresses.

7.3.3. The total contract value is £3,700,000 over the 4 year contract term.

7.3.4. Financial and operational implications will be built into future business planning.

7.4. Equality Implications

7.4.1. None

7.5. Rural Community Implications

7.5.1. None

7.6. Human Resources Implications

7.6.1. Ensuring the smooth transition from the current contract to the new contract is essential. During implementation and launch phase Officers will be trained on the new process.

7.6.2. Consideration should be given to the potential transfer of staff.

7.7. Public Health Implications

7.7.1. None

7.8. Other Implications (Please Specify)

7.8.1. None

8. Risk Management

8.1. The contract will be closely monitored throughout the contracted period to ensure that the Council continues to obtain and maximise value for money and consistent levels of service. A requirement of the contract will be for continuous improvement throughout the term of the contract to ensure that best value is achieved.

<u>Corporate Risk Register</u>	
Culture Change	Lack of acceptance from the Council (high)
Post and Post Policy	Lack of acceptance of the Policy changes to incorporate lower printing and postal costs where possible (as per the IT monitoring and introduction of iPads to Senior Staff and Cabinet Members and the digitisation program running out of Communications department, the possibility of Electronic Electoral Registration. (low)
Procurement Process	The procurement route and any issues with the responses / submissions would impact the delivery of this project i.e. using ITT and not a framework. (low)
Data Security	Risks involved around sending data off-site for a 3 rd party to print either by: a) CEC users <i>sending</i> it off site by a click; and/or; b) Suppliers <i>accessing</i> our systems to pull out bulk print jobs (high)

9. Access to Information/Bibliography

Relevant papers are available from the project.

10. Contact Information

Contact details for this report are as follows:

Name: Lianne Halliday

Designation: Procurement Manager

Tel. No.: 01270 685766

Email: lianne.halliday@cheshireeast.gov.uk