



## Executive Decision Report

<b>Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken</b>	Full Cabinet  Date of decision: 1 December 2014	 h&f hammersmith & fulham
	Cabinet Member for Planning Policy, Transport and Arts  Date of decision (i.e. not before): 14 <sup>th</sup> November 2014	 THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
<b>Report title (decision subject)</b>	<b>APPROVAL TO PROCURE BULK PRINTING, SCANNING AND PAYMENT PROCESSING SERVICES FOR BI-BOROUGH PARKING SERVICES</b>	
<b>Reporting officer</b>	Matt Caswell, Transport and Technical Services Project Manager	
<b>Key decision</b>	Yes	
<b>Access to information classification</b>	Public report. A separate report on the exempt Cabinet agenda presents exempt costing information.	

### 1. EXECUTIVE SUMMARY

- 1.1. H&F's current printing, scanning and payment processing of incoming correspondence in Parking Services is sub-contracted through Mouchel who supply the Parking IT systems to the Council. RBKC have direct contracts with their suppliers which have recently been extended until 2016 with a 3 month notice period.
- 1.2. H&F and RBKC are currently tendering for a Bi-borough Parking IT systems contract which does not contain provision for printing, scanning and payment processing services as the direct arrangements provide better value for money. H&F will therefore need to have alternative arrangements in place for mid-2015.
- 1.2 It is recommended that H&F and RBKC carry out a joint procurement exercise for these services to align with the implementation of the new Parking IT contract. This should lead to savings for both boroughs on the current arrangements.

## **2. RECOMMENDATIONS**

- 2.1 That approval be granted to procure a joint Bi-Borough contract for printing of statutory documents, the scanning of incoming correspondence and processing of payments.
- 2.2 To note that for the purposes of the Public Contracts Regulations 2006 (as amended) the London Borough of Hammersmith and Fulham will be acting as the Contracting Authority.

## **3. REASONS FOR DECISION**

- 3.1 H&F's current arrangements are sub-contracted through the current Parking IT system contract. With the procurement of a new Parking IT system the current service will no longer be valid and H&F will need to seek a new service.
- 3.2 RBKC have aligned their current printing scanning and payment processing contracts to terminate at a similar time to the existing Parking IT system contract. They will therefore need to reprocure to tie in with the new IT system so any new practices can be implemented concurrently.
- 3.4 Carrying out a joint procurement should result in savings to both Councils as a result of the combined volumes that would be offered to prospective suppliers. Having joint contracts will also allow for streamlining of processes and interfaces into the new IT system and reduce the contract monitoring required.
- 3.4 Whilst H&F will be acting as the Contracting Authority for the purposes of the 2006 Regulations, officers from both councils will be involved in the process as part of the tender appraisal panel.

## **4. BACKGROUND**

- 4.1. Both Councils have contracted out the printing of statutory documents, scanning of correspondence and processing of payments (by mail) related to Penalty Charge Notices (PCNs) and representations. The following table outlines current arrangements:

	<b>Scanning and payment processing</b>	<b>Printing of Statutory documents</b>
RBKC	RR Donnelley (exp 2016)	Liberty (exp 2016)
H&F	RR Donnelley - through MTS (exp Dec 2016)	Liberty Printers - through MTS (exp Dec 2016)

- 4.2. The current RBKC contract with RR Donnelley (RRD) was recently extended to allow the service to continue under the same terms as the existing contract until December 2016, with the addition of an early termination clause. This provides the Council the flexibility to procure a joint contract with H&F as existing contracts expire while also giving the flexibility to end the contract at an earlier date (giving three months' notice) if it is in the Council's interest.
- 4.3. The equivalent H&F service is also due to expire in December 2016 with the existing Parking IT contract. The two boroughs are jointly procuring a shared Parking IT system contract with the objective of implementation for summer 2015. This which will bring the current arrangements to an end subject to the notice period (12 months from the Contract Award date).
- 4.4. In 2013 RBKC procured a new printing of statutory documentation service that resulted in significant cost savings. It appears that competition in this area has increased indicating that a joint procurement of services may result in further savings.
- 4.5. The current services provided to both Councils are slightly different and have different charging structures, however the majority of both services provided are the same. Appendix B provides greater detail on the services provided and sample costs for a one month period. Combined, current services equate to costs of approximately £300,000 per annum. Please see Appendix B for more detailed information.

## **5. PROPOSAL AND ISSUES**

- 5.1. It is recommended by officers that H&F and RBKC carry out a joint procurement exercise for these services to align with the implementation of the new Parking IT contract. This should lead to savings for both boroughs on the current arrangements.
- 5.2. There are no significant risks envisaged with this procurement. Both boroughs currently have service provision with their existing systems and do not envisage any loss of service.
- 5.3. The draft letting timetable is as follows:

<b>Activity</b>	<b>Start</b>	<b>Finish</b>
Establish project team, set up tender appraisal panel and confirm procurement approach and plan	November 2014	December 2014
Prepare selection criteria, tender evaluation criteria and contract documents	January 2015	February 2015
Invitation to Tender	February 2015	April 2015
Evaluation and recommendation	April 2015	May 2015
Contract Award	May 2015	July 2015

## **6. OPTIONS AND ANALYSIS**

- 6.1 Option 1 (recommended). Carry out a Bi-Borough procurement for these two services. Both Councils would benefit from the combined size of the contract as it is likely to lead to cost savings. The size of the contract may also lead to greater competition in this market particularly for scanning and payment processing services.
- 6.2 Option 2. Perform separate procurements for both Councils. If this option is pursued, the Councils may not necessarily benefit from any costs savings based on volumes being offered. Technically procurement costs would also be increased as the process would be duplicated. The scanning and payment processing market has limited service providers in this field and it would be unlikely that any new competitors would consider entering the market.

## **7. CONSULTATION**

- 7.1 This paper has been developed with the RBKC Parking Business development Team in consultation with the Parking IT Procurement Project Board and Parking Office Programme Board.

## **8. EQUALITY IMPLICATIONS**

- 8.1 None.

## **9. LEGAL IMPLICATIONS**

- 9.1 The printing, scanning and payment processing services subject to the proposed procurement are ancillary to statutory parking functions and therefore lawful activities for the Councils to engage in.
- 9.2 Comments provided by Andre Jaskowiak, Senior Solicitor, Bi-Borough Contract Law Team, 0207 361 2756.

## **10. FINANCIAL AND RESOURCES IMPLICATIONS**

- 10.1. Current costs for bulk printing, scanning and payment processing services total £294k for the two Councils. A joint contract is expected to deliver savings, through higher volumes resulting in a reduction in the unit costs. The extent of these savings will not be clear until the procurement process takes place.
- 10.2. The costs associated with the procurement, including officer time and legal costs, will be funded from existing Parking Services budgets.
- 10.3. Comments provided/verified by Mark Jones, Bi-borough Director of Finance and Resources, TTS and ELRS, 0208 753 6700.

## **11. PROCUREMENT IMPLICATIONS**

- 11.1. The Director agrees with the strategy for a Bi-borough procurement exercise for the printing of statutory documents, the scanning of incoming correspondence and processing of payments as part of the overall approach for parking services between the two councils. The procurement will be supported by officers from the Corporate Procurement Team.
- 11.2. Comments provided/verified by Alan Parry, Bi-borough Procurement Consultant (TTS), 0208 753 2581

### **Local Government Act 1972 (as amended) – Background papers used in the preparation of this report**

Current costing information (exempt)

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