



Executive Decision Report

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	Cabinet Date of decision (i.e. not before): 5 th September 2016	
	Cabinet Member for Planning Policy, Transport and Arts Date of decision (i.e. not before): 27 th June 2016 Forward Plan reference: 04824/16/P/AB	
Report title (decision subject)	CONTRACT AWARD FOR STATUTORY DOCUMENT PRINTING, PAYMENT PROCESSING AND CORRESPONDENCE SCANNING SERVICES FOR PARKING SERVICES	
Reporting officer	Matt Caswell, Departmental Project Manager, Environmental Services	
Key decision	Yes	
Access to information classification	Open Report A separate report on the exempt part of the Cabinet agenda (PART B Appendix) provides exempt financial information.	

1. EXECUTIVE SUMMARY

- 1.1. In December 2014 approval was granted by both Councils to procure a joint Parking Services contract for the printing of statutory documents, the scanning of incoming correspondence and processing of payments. For the purposes of the Public Contracts Regulations 2006 (as amended) the London Borough of Hammersmith and Fulham was to act as the Contracting Authority.
- 1.2. With the advent of the new Parking IT system H&F approved entering into temporary contracts with the incumbent service providers for these services to ensure business continuity; these contracts are in place until the 31st October 2016.
- 1.3. The joint procurement exercise will result in savings of £50,150 across the two Councils per annum as a result of the combined volumes offered to the recommended suppliers. The joint contracts also allow streamlining of processes and interfaces into the new Parking IT system and reduce the contract monitoring required.
- 1.4. The procurement exercise was split into two lots to reflect the different markets. Lot 1 was for printing of Parking related statutory documents; Lot 2 was for the scanning of incoming correspondence and payment processing services.
- 1.5. Whilst H&F is acting as the Contracting Authority for the purposes of the 2006 Regulations, officers from both councils have been involved in the process as part of the tender appraisal panel.

2. RECOMMENDATIONS

- 2.1. That the London Borough of Hammersmith and Fulham and the Royal Borough of Kensington and Chelsea award contracts as follows
 - Lot 1 – (Statutory documentation printing) to Liberty Printers (AR & RF Reddin) Limited for the total contract sum of £535,000 over 8 years (£67,000 per annum) assuming current levels of service.
 - Lot 2 – (Scanning of incoming correspondence and payment processing services) to R R Donnelley Global Solutions Group Limited for the total contract sum of £780,000 (£97,500 per annum) assuming current levels of service.

3. REASONS FOR DECISION

- 3.1. Awarding joint service contracts for both lots will provide savings when compared with both Councils' current costs; see the Confidential Part B Appendix for further detail (contained in the exempt report on the exempt Cabinet agenda).
- 3.2. These services are business critical to Parking Services as they impact on the legal process within the PCN income recovery cycle. H&F and RBKC sought suppliers that have experience in providing this service.
- 3.3. Both suppliers have been providing this service to H&F and RBKC for over ten years; since 2006 and 2000 respectively. In that time there have been minimal issues with the service and suppliers have adapted their provision to meet our changing needs.
- 3.4. This is a niche market and both suppliers have been "key players" since the outset of these services.
- 3.5. The processes and technology are well established and are currently being used with the new Parking IT system; as such there would be no impact on the current levels of service or development / system integration costs.

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:

	Scanning and payment processing	Printing of Statutory documents
RBKC	RR Donnelley (exp Dec 2016)	Liberty Printers (exp Dec 2016)
H&F	RR Donnelley (exp Oct 2016)	Liberty Printers (exp Oct 2016)

- 4.2. These two organisations are leading providers in their respective specialist areas. RBKC and H&F have been using them since 2000 and 2006 respectively.
- 4.3. The current RBKC contract with RR Donnelley was extended in March 2014 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 provided the Council the option to procure a joint contract with H&F as existing contracts expire whilst also giving the flexibility to end the contract at an earlier date (giving three months' notice) if it is in the Council's interest.
- 4.4. The equivalent H&F services are due to expire on 31st October 2016. These services were provided as part of the previous Parking IT contract, however with

the introduction of the new Parking IT system it became apparent that H&F had to put in place temporary direct arrangements with both RR Donnelley and Liberty Printers. These arrangements were approved by Cabinet Member Decision in October 2015.

- 4.5. The current services provided to both Councils are slightly different; however the majority are the same. The Confidential Part B Appendix (contained in the exempt report on the exempt Cabinet agenda) provides greater detail on the services provided and related costs.

5. TENDER PROCESS

- 5.1. The procurement exercise was conducted using the open procedure in accordance with the requirements of the Public Contracts Regulations 2015. A statutory contract notice was placed with the *Official Journal of the European Union* (OJEU) and the UK Government's Contracts Finder portal and the opportunity was advertised on the *capitalEsourcing* Portal.
- 5.2. Whilst there were a reasonable number of expressions of interest, only one bid per Lot was received, both of which came from the current suppliers of the services.
- 5.3. The Procurement Team advised that whilst only one bid was received for each Lot, the procurement exercise met the guidelines and could continue.
- 5.4. The bids were evaluated against the stated intentions of the Specification and all other related documentation in the Invitation to Tender. Tenders were evaluated in two stages; the first requiring the tender to score a minimum of 80% against the specification, after which price would be considered.
- 5.5. The table below outlines the scoring:

Lot	Bidder	Score (out of 100%)
Lot 1	Liberty Services	84%
Lot 2	RR Donnelley	75%

- 5.6. With regard to Lot 2, the Procurement Team advised that as there was only one bidder we could accept a lower than 80% score. This bidder is our current service provider.

6. OPTIONS AND ANALYSIS

- 6.1. Option 1 (recommended) – Award the Lot 1 contract for statutory printing to Liberty Services, and the Lot 2 contract for scanning of incoming correspondence and payment processing services to RR Donnelley.
- 6.2. Option 2 – Terminate the procurement and perform a re-procurement for these services. This is not recommended and may put both boroughs at risk. H&F's temporary contracts may potentially be extended in the short term; however the incumbent providers may reconsider their current offer in light of our rejection of their recent tender. RBKC will be in a similar position as the waiver of standing orders for both services is short term and expires this year.
- 6.3. Option 3 – Terminate the procurement and perform Council specific re-procurements for these services. The risks would be as above. 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.

7. CONSULTATION

- 7.1. The paper has been developed in consultation with:
 - TTS/ELRS Finance
 - Legal Services
 - Procurement
 - Parking IT Programme Board

8. EQUALITY IMPLICATIONS

- 8.1. While there are no direct equality implications for either Council as these services have always been outsourced, Schedule 17 of the contract states that "The Contractor shall comply with all applicable Equalities Legislation in its performance of the Contract and shall take all reasonable steps to ensure that all servants, employees, agents and sub-contractors of the Contractor engaged in the provision of the Services does not unlawfully discriminate, harass or victimise within the meaning and scope of the Equalities Legislation"

9. PROCUREMENT IMPLICATIONS

- 9.1. The procurement has complied with all statutory requirements and the Council's Contracts Standing Orders.
- 9.2. The report notes that for both lots only one bid was received for each. As the qualification threshold for both lots was set at 80% for quality it meant that RR Donnelley's failed to meet that hurdle. As only one bid was received that did not meet the quality threshold it had become an irregular tendering exercise.

Consequently, this enabled the Council to “negotiate” with all those who had responded, in this case one company, to ensure that the single tenderer (RR Donnelley) could perform the contract to the required standards.

9.3. The Interim Head of Procurement agrees with the recommendations contained in this report.

9.4. Alan Parry, Interim Head of Procurement (Job-share) : 020 8753 2581

10. LEGAL IMPLICATIONS

10.1. The recommended decisions are lawful and in compliance with both authorities Contract Standing Orders / Contract Regulations. The legal implications are set out in the report and the Director of Law has no additional comments.

10.2. Andre Jaskowiak, Senior Solicitor, Shared Legal Services, T: 020 7361 2756)

11. FINANCIAL AND RESOURCES IMPLICATIONS

11.1. The current combined spend for scanning and printing services is £214K. This tendering exercise has resulted in savings as follows:

- H&F are estimated to save £34,250 p.a. and £274K over the life of the eight year contract compared to current arrangements.
- RBKC are estimated to save £15,900 p.a. and £127K in total over the life of the eight year contract compared to current arrangements.

11.2. A more detailed analysis of costs, tendered prices and savings for Lot 1 and 2 are set out in the Confidential Part B Appendix (contained in the exempt report on the exempt Cabinet agenda).

11.3. Mark Jones, Director of Finance and Resources, TTS/ELRS Finance, T: 020 8753 6700)

Mahmood Siddiqi
Director for Transportation and Highways

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

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