


London Borough of Hammersmith & Fulham CABINET 10 JULY 2017		
PROCUREMENT OF VARIABLE DATA PRINTING SERVICES		
Report of the Leader – Councillor Stephen Cowan		
Open Report		
Classification - For Decision Key Decision: Yes		
Wards Affected: All		
Accountable Director: Sarah Thomas, Director of Delivery and Value		
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1. EXECUTIVE SUMMARY

- 1.1 This report seeks approval for re-procuring variable data print services for the revenues and benefits service, housing, and electoral services, managed corporately through Hammerprint.

2. RECOMMENDATIONS

- 2.1 To agree the procurement strategy for variable data printing set out in this report.
- 2.2 To access the Postal Goods and Services Framework Agreement (RM1063) (“the framework”) set up by Crown Commercial Services. To procure a single provider from the Framework by entering into a call-off contract for variable data printing. The call-off contract will be for a period of four years starting in October 2017 to September 2021.
- 2.3 The estimated value of the contract is expected to be in the range of £400,000 - £600,000 per annum.
- 2.4 To delegate the award of the call-off contract to the successful provider to the Commercial Director.

3 REASONS FOR THE RECOMMENDATIONS

- 3.1 This waiver is required due to the specific nature of the contract, and the fact that soft market testing conducted by LBHF has highlighted a lack of local service providers. There is a suitable framework agreement that the Government has let through the Crown Commercial Services portal. Twenty major suppliers are part of this framework and the procurement exercise will involve invitations being sent to them.

4 BACKGROUND

- 4.1 The variable data printing contract essentially deals with printing and mailing communications to individual households or people and includes council tax bills, summonses, rent statements and polling cards. It includes the transfer and formatting of data from council back-office systems into letter templates held by the contractor. The contract covers data management, printing, enveloping and mailing costs.
- 4.2 The contract for variable data printing was last awarded in March 2010 to Financial Data Management Ltd for a period of 3 years with provision for extension for two further years (1+1). The contract concluded on 31 March 2015.
- 4.3 Since then, Financial Data Management Ltd (FDM) has continued to perform well and to actively support the council in the delivery of a wide range of business-critical services, but issues surrounding the specification of requirements made it difficult to re-procure this service. These difficulties were:
- The possibility of some (or all) of the service being subsumed into shared services, including elements of the existing print contract being transferred to BT under MSP
 - Proposals actively being pursued to reduce print requirements by moving output to digital channels to reduce cost, therefore making it difficult to specify print contract requirements.
- 4.4 Following extensive work to re-specify requirements, a representative schedule of variable data print jobs has now been formulated against which providers can submit priced proposals.
- 4.5 The contract is managed corporately by Hammerprint. Contractor invoices are paid centrally and then recharged to participating services with a small on-cost added to cover the cost of administration.

5 PROPOSAL AND ISSUES

- 5.1 The estimated value of the new contract is expected to be in the range £400,000 - £600,000k per annum. The CCS framework agreement for variable data printing has been identified as the most effective, efficient, and economic procurement route. CCS has pre-qualified and obtained basic price and technical information from each of the 20 providers who are on the framework.

- 5.2 The proposal is to invite the 20 framework providers to a further competitive tendering exercise (mini-competition) and award a contract from the provider who offers the most economically advantageous tender.
- 5.3 Following approval, the Strategic Head of Communications and Communities will arrange to mobilise the service including facilitating meetings between service managers and the provider to
- Confirm document templates
 - Liaise and agree the timetable for processing of jobs
 - Confirm communication protocols.
- 5.4 Bids will be based on a basket of current jobs, but with no minimum volume commitment. Bidders will be asked to submit their tenders setting out each element of the production process culminating in a total cost for each job.

Provisional timetable

June 2017	Approval to access the CCS Framework Agreement and enter in to a call off contract
August 2017	Publish competitive tendering opportunity-run mini competition
September 2017	Evaluate tender submissions
October 2017	Award call-off contracts
November 2017	Contract implementation and commencement

6 OPTIONS AND ANALYSIS OF OPTIONS

- 6.1 In 2015, the service review options for the continued provision of variable data printing included:
- a) Carry out a fully compliant regulated procurement exercise for the service for a period of 3/5 years (on a similar basis to the then current service); or
 - b) Call-off from a suitable framework agreement for these services (let by CCS or other central purchasing body).
- 6.2 A review was undertaken by the client and the resource commitments needed for option (a) far outweighed the resources needed to re-procure through option (b).
- 6.3 When discussing the options, officers expressed their concern at the high implementation costs that could be avoided through a direct award to the incumbent supplier. While this would save the council the implementation costs, it was decided this is not a transparent, compliant approach, especially since the last contract ended in March 2015.
- 6.4 The CCS framework is a fully compliant government procurement arrangement that local councils and other public bodies have been encouraged to call-off from.
- 6.5 On that basis option (b) is the recommended way forward for this procurement, through CCS print framework RM1063-Postal Goods and Services, Lot 3-Hybrid Mail Off Site Solution. The CCS framework offers 20 suppliers and a mini-competition would be necessary to find the most economically advantageous tender. Because of the large number of suppliers on the lot, the process would not be shortened, but the competition would be restricted as only the suppliers available on the framework would be invited to bid.

- 6.6 There are few, if any disadvantages to option (b). There is a perception that local suppliers would possibly be excluded because they have not been included in the framework. However, soft market testing identified a lack of local suppliers able to provide the council with its variable data printing and distribution requirements.

7 PROCUREMENT IMPLICATIONS

- 7.1 The procurement process will be carried out through a further call for competition (a mini-competition) process by calling off from the CCS Print Framework Agreement RM1063 for Postal Goods and Services, Lot 3-Hybrid Mail Off Site Solution. The value of the contract is estimated to be above the threshold for services (currently £164,176). The framework agreement has been let in accordance with statutory requirements. Calling off from the framework agreement complies with the Public Regulations 2015 and the Council's Contracts Standing Orders. Consequently, no further Contract Notice is needed in either OJEU/Tenders Electronics Daily (TED) nor in the UK's Contracts Finder as only the suppliers on the framework will be invited to bid for this contract, according to the framework's rules.
- 7.2 The mini-competition under the CCS framework RM1063-Postal Goods and Services, Lot 3-Hybrid Mail Off Site Solution involves a one stage process as all suppliers passed the pre-selection stage as part of the procurement of the framework agreement.
- 7.3 This lot has 20 framework providers all of whom may decide to respond to the invitation to the mini-competition. The evaluation will be carried out for all tender submitted.
- 7.4 Tenders will be formally evaluated by a Tender Appraisal Panel (TAP). Individual panel members will score the tenders independently. After the scoring has been completed, a moderation meeting will be arranged for the TAP to agree the final moderated scores. The successful bid will be based on the tenderer scoring the most economically advantageous tender (in terms of both quality and price).
- 7.5 Council will ensure the process is fully compliant with the principles of openness and transparency. A Contract Award Notice will be published in Contracts Finder once the contract is awarded and an entry made in the Council's Contracts Register.
- 7.6 Implications verified/completed by: Andra Ulianov, Procurement Consultant (Projects), 02087532284

8 LEGAL IMPLICATIONS

- 8.1 Subject to the recommendation for the waiver of Council's Contract Standing Orders from compliance of section 8 being approved under this report, the first initial step is for the council to enter an agreement with CCS to access the Framework and consider its terms and conditions as well as the terms for the call-off contract between the provider and the council under this Framework. The proposed value of the call-off contract is an estimated sum of £400,000 - £600,000 per annum for a term of four years. The estimated value per annum is above EU threshold, therefore compliance with the Public Contracts Regulations 2015 ("the Regulations) and the council's Contract Standing

Orders must be adhered to when running a mini competition. However, there are two routes to the market that the council can chose from under the Framework (a) direct award, in which, a set criteria must be followed and there can be no material changes to the call-off contract terms and conditions or (b) run a mini competition.

8.2 The Framework is due to expire on 16 February 2018 so any proposed call-off contract must be entered into and executed before the expiration of the Framework.

8.3 *Implications verified/completed by: Sharon Cudjoe, solicitor, 020 7361 2993.*

9 FINANCIAL IMPLICATIONS

9.1 In 2016/17 the council paid FDM £664,628 for print services. Any savings which can be made from either re-procurement or moving outputs to digital channels will be passed onto services using the contract via the current recharging mechanism.

9.2 *Implications verified/completed by: Danielle Wragg, Finance Business Partner, 020 8753 4287.*

10 IMPLICATIONS FOR BUSINESS

10.1 Knowledge of the market, and soft market testing, has confirmed a lack of local suppliers able to provide the Council with the print and distribution requirements for this variable data printing contract. This is a specialist contract and there are only a small number of large companies able to supply this service nationally. These can bid for the contract on the Crown Commercial Services framework.

10.2 There are no business implications as the local suppliers are too small to be able to adequately service the requirements of this contract. Future business impact issues will be considered as part of the renegotiation of contracts with suppliers and any review of services.

10.3 *Implications for verified by Antonia Hollingsworth, Principal Business Investment Officer, 020 8753 1698.*

11. EQUALITY IMPLICATIONS

11.1 Officers do not consider there are any equalities implications to this contract award.

12. IMPLICATIONS FOR ICT

12.1 ICT has confirmed that there is no formal interface required between the new solution and existing LBHF systems. The procurement team will work with ICT to help specify how data is passed between the new system and LBHF, including a Privacy Impact Assessment which will clarify how data will be handled.

- 12.2 The contract specification requires the new supplier to work with the LBHF ICT service to ensure that the proper security arrangements will be put in place to secure the Council's data while the new supplier handles it.
- 12.3 The new procurement supports the Council's ICT desktop strategy that third party vendors will host systems where practical, and these will be accessed through the web browser.
- 12.4 The new contract will include relevant mitigation around data processing to support the new General Data Protection Regulation (GDPR) of May 2018.
- 12.5 Implications for ICT verified by Veronica Barella, Interim Chief Information Officer, 020 8753 2927.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.