

| Report for: | Cabinet |
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| Date of Meeting: | 14 September 2023 |
| Subject: | Procurement of Revenues, Benefits and Parking Specialist Print Contractor |
| Key Decision: | Yes  |
| Responsible Officer: | Sharon Daniels – Interim Director of Finance, Resources Directorate |
| Portfolio Holder: | Councillor David Ashton – Portfolio Holder for Finance and Human Resources  |
| Exempt: | No, except for Appendix 1 which is exempt by virtue of Paragraph 3 of Schedule 12A of the Local Government Act 1972 because it contains information relating to the financial and business affairs of the Council. |
| Decision subject to Call-in: | Yes |
| Wards affected: | All Wards |
| Enclosures: | Exempt Appendix 1 – Draft tender documents  |

| Section 1 – Summary and Recommendations |
| --- |
| This report requests authorisation to procure Printing and Mailing Services for Bulk Document printing of Council Tax, Business Improvement Districts (BIDS), Business Rates, Benefits, Parking Enforcement and Sundry Debt documents.Recommendations: Cabinet is requested to: 1. Authorise the procurement of a service contract for Printing and Mailing Services for Bulk Document printing of Council Tax, Business Rates, Benefits, Business Improvement Districts (”BIDS”), Parking Enforcement and Sundry Debt documents with a maximum value of £0.8m over 4 years (£200,000 annually) or £1.2m over 6 years if the option to extend the contract for a further 2 years is exercised.
2. Approve the draft tender documents.
3. Delegate authority to the Interim Director/Director of Finance and Assurance, following consultation with the Portfolio Holder for Finance and Human Resources, to make any necessary changes to the tender documents following approval.
4. Delegate authority to the Interim Director/Director of Finance and Assurance, in consultation with the Portfolio Holder for Finance and Human Resources, to award the new contract to the successful bidder.

Reason (for recommendations): Not procuring an external partner, would potentially leave the authority with limited ability to collect approximately £260m per annum in relation to unpaid Council Tax, Business Rates, Parking Control Notices (PCN’s) and other unpaid Council charges, which would impact adversely on the Council’s budget. It would also mean that London Borough of Harrow would be unable to fulfil its statutory duty to issue bills. Cabinet authorisation of the procurement is required to comply with the Council’s Contract Procedure Rules.  |

## Section 2 – Report

### Introductory paragraph

2.1 The current service is split across two Service contracts facilitated by a single service area. A new joint service will allow for synergies between the service areas concerned, thus allowing the potential for internal and external efficiencies.

2.2 This report proposes issuing an Invitation to Tender (ITT) to all interested organisations using the Open procedure (Regulation 27 of The Public Contracts Regulations 2015) as the best approach for tendering a new Printing and Mailing Services contract for Bulk Document printing.

### Options considered

## 3. Option 1: To not replace the existing contracts and continue with the

##  current supplier of the Printing and Mailing Services detailed in this

##  report.

##  This means the Council would purchase these services on a spot/ad hoc

##  basis, leaving the Council open to potential legal challenge by not meeting

##  its statutory obligations pursuant to The Public Contracts Regulations 2015

##  regarding the selection of suppliers and the award of contracts.

1. **Option 2: Use of a “Print Services” Framework to facilitate a further competition to procure a Printing and Mailing Service.**

This means the Council would facilitate a further competition with pre-appointed providers, awarded onto a Framework. No framework has been identified which can cover all the required areas of the new service. Established Frameworks such as Crown Commercial Service (CCS) (RM6170) and East Shires Purchasing Organisation (ESPO) (RM6174\_21) would only cover parts of the new service.

1. **Option 3: To procure replacement Printing and Mailing Services following the “Open Procedure” to facilitate a full tender exercise.**

The council would issue an ITT and Selection Questionnaire (SQ) on the London Tenders Portal and Contracts Finder.

The SQ and Tender responses would then be submitted and assessed in a single stage.

1. **Option 4: To procure replacement Printing and Mailing Services following the “Restricted Procedure” to facilitate a full tender exercise.**

This is a two-stage procurement.

Stage 1: Suppliers are alerted to express an interest to the contract opportunity by obtaining and submitting an SQ. This is used to establish their capability, experience and suitability. This may involve a shortlisting process of those suppliers that meet the specified criteria.

Stage 2: Suppliers meeting the selection criteria are then invited to tender.

The tender responses would then be assessed and an award recommendation would be made to the most economically advantageous tender.

This option would unnecessarily elongate the procurement process.

**Option 3** is the preferred option because it will obtain Best Value services and economic, social and environmental value from the purchasing arrangement. A limited number of organisations can provide this type of printing service which supports the use of the open procedure. It will also allow the most efficient allocation of staff resources to successfully facilitate the procurement.

## Background

The Revenues and Benefits Department carries out its annual billing and year-end processing arrangements each year between January and early April. That process involves the printing, collating and posting of circa 106,000 annual bills and accompanying documents. In addition, the Department also issues around 150,000 ad hoc bills, reminders, finals and Summonses throughout the year, as well as around 100,000 Housing Benefit notification letters. Due to the large volumes of printing and posting required, at a similar time as for other Local Authorities and for which statutory timescale constraints apply to the date of the bill and the first instalment payable by a customer, the activity is a high risk one which has been complicated in more recent years, by late changes being made by the Government to statute.

The late changes have resulted in the Printing Supplier having to operate a significantly more flexible approach to our requirements, than had previously been the case.

Printing contracts for Local Authority billing and recovery notices, may typically require up to a six-month lead in time from contract award due to the large number of document templates in use and the extensive data formatting and testing required for each one.

## Current situation

Currently, one supplier namely Financial Data Management Limited deliver these services via two contracts:

* Contract 1: Bulk Document Printing and Mailing Services:

receiving data, printing and enveloping Parking documents and arranging their delivery to the Royal Mail as per the standards specified within the contract / performance targets set out and agreed.

* Contract 2: Printing and mailing for Council Tax, Non-Domestic Rates (NDR) and Benefits documents Service:

for the processing, production, collation, printing, enveloping, despatch and delivery of both personalised and non-personalised documents relating to Council Tax, Business Rates, BID’s (Business improvement districts) and Housing Benefits.

Both contracts access the Council’s current Royal Mail Postal Goods and Services contract for the postage elements of their services. This arrangement delivers savings on postage costs with a preferred provider.

Print contract values:

* £20,000 pa Bulk Document Printing and Mailing Services
* £40,000 pa Printing and mailing for Council Tax, NDR and Benefits documents

Extra headroom is required for Revenues & Benefits and Parking which is likely to be £120,000 pa. Additionally, the Council will need an extra £10,000-£20,000 pa buffer to cover comms/environment leaflets and mailshots work which is also likely to be needed on an as and when basis.

The current service contracts both expire on 30/09/2024.

## 9. Why a change is needed

The aligning of these services will allow for potential cost volume savings and joined up contract management reducing officer time allocation.

#### Resources, costs

The cost of resourcing the project will be managed within existing service budgets.

#### Staffing/workforce

There are no anticipated implications upon Harrow staffing or its workforce arising from the recommendations within this report. A project team to be comprised of subject matter experts has been established.

Officers do not believe that there will be TUPE (The Transfer of Undertakings (Protection of Employment) Regulations 2006) implications, but if TUPE is deemed to apply, it will apply as a matter of law.

#### Performance Issues

This report seeks authority to procure Printing and Mailing Services to support the Council with its Revenue collection and Benefits administration functions. Procurement of the service concerned, may influence cash collection rates achieved for Business Rates, Council Tax and PCN’s. These are key indicators monitored locally and published nationally each year.

Not procuring a supplier to deliver the services concerned, would adversely impact upon Harrow’s in-year cash collection rates achieved, cash flow management arrangements and potentially, its reputation with stakeholders as well as restricting / preventing its compliance with statutory obligations for issuing of bills and benefit determination notices.

#### Environmental Implications

There are no significant environmental impacts currently anticipated from the recommendations contained within this report. However, subject to approval of the recommendations in this report, tenderers will be requested to submit proposals that have a positive impact for the local environment and that shall be evaluated for the purposes of determining the most economically advantageous tender(s).

Tenderers will be asked to supply / use products that are compliant with the minimum Government Buying Standards, this includes for example, paper and paper products. <https://www.gov.uk/government/publications/sustainable-procurement-the-gbs-for-paper-and-paper-products>

#### Data Protection Implications

The contract for the services in scope, will require tenderers to comply with the data protection legislation.

It is also proposed that Data and IT Security be one of the qualitative criteria evaluated for the purposes of determining the most economically advantageous tender (“MEAT”).

## Risk Management Implications

Risks included on corporate or directorate risk register? **No**

 Separate risk register in place? **Yes**

The relevant risks contained in the register are attached/summarised below. **Yes**

The following key risks should be taken into account when agreeing the recommendations in this report:

| **Risk Description** | **Mitigations** | **RAG Status** |
| --- | --- | --- |
| If the recommendation(s) are not agreed the Council may be unable to discharge its statutory duties to issue bills and/or to maintain its cash-flow and budgetary position in a timely way further to the MTFS (Medium Term Financial Strategy) and also damage its business reputation  | If the report’s proposed recommendations are agreed, then this risk can be mitigated  | **GREEN**  |
| If the recommendation(s) are not agreed the Council may also fail to fully exploit synergies and savings opportunities across the existing contracts  | If the report’s proposed recommendations are agreed, then this risk can be mitigated | **GREEN**  |
| Not having a contract in place and fully mobilized to replace the existing services or unsuccessful or delayed procurement process causing a gap in service delivery | The Project team will routinely review timelines and any variance will be addressed in compliance with agreed project governance arrangementsContract expiry dates were aligned mid-way through the year, as it will enable the annual billing work to have been completed and the initial high volume enforcement work that follows it in the early part of the year, to be commenced Due to the reasons outlined above a new service is to commence 1 October 2024 | **GREEN** |
| Receiving no compliant tenders  | The Project team could revert to Reg 32 (2) (a) of The Public Contracts Regulations 2015 (PCR), the negotiated procedure without prior publication, to direct award to the incumbent supplier. | **GREEN** |
| Tenders are received that are well above the existing annual budget for the services  | Funding would be found from growth or efficiencies in other service areas | **AMBER** |
| The quality of the billing and billing information and of the printing and mailing service to residents and businesses deteriorates as a result of the new arrangements  | Quality is regarded as the key criteria for these services and has been allocated 45% of the overall score in the tender evaluation criteria  | **GREEN**  |

### Procurement Implications

The value of the proposed Service contract is higher than the current financial threshold for Services and so the procurement and award of the contract is subject to the full application of the Public Contracts Regulations. The award of the contract is also subject to the Council’s own Standing Orders in respect of high value contracts and Financial Regulations. As a result, Cabinet approval will be required to delegate authority for the award of the contract and a mandatory ten calendar day standstill period will be applicable to the contract award.

On 21st July 2023, a prior information notice (PIN) was issued on the Find a Tender service to notify the market of the upcoming procurement (prior information only). The intention of the PIN is to warn the market and ensure a good tender response.

It is proposed to re-procure Printing and Mailing Services following the “Open Procedure” to facilitate a full tender exercise. This option (3) has been recommended due to the associated requirement organisations will need to comply with to be eligible to bid for these types of print services. Organisations will be evaluated according to their capability and capacity at the Selection Questionnaire stage however, the Council will not restrict the number of organisations invited to tender. The contract will be awarded for a 4 year term from 1st October 2024 to 30th September 2028 with the option to extend for a further 2 years up to 30th September 2030.

The proposed procurement will also incorporate an Option to allow the supply of other documents which are not required at this time but may be required in the future. This Option will include but will not be limited to Sundry Debtor documents. The Option’s potential value has been accounted for in the tender contract value and will be included in the tender notices.

The top-level evaluation criteria will be:

**Price 45%**

There is healthy competition within the Printing Services market however due to increasing cost associated with Printing Services a 45% weighting for price is seen as sufficient for achieving value for money.

**Quality 45%**

Quality is also regarded as the key criteria for these services and has been allocated 45% of the overall score. This is due to the necessity of having a secure, resilient, and reliable supplier base for the Council’s Print supply.

**Social Value 10%**

As required by council policy 10% of the weighting has been allocated to Social Value.

Appendix 1 of this report contains the proposed draft tender documents.

### Legal Implications

The value of this procurement exceeds the current financial threshold for services under The Public Contracts Regulations 2015 (PCR), therefore the Council must run a fully compliant procurement under the PCR.

The Council must also comply with its Constitution, including the Contract Procedure Rules (CPR). As the estimated value of the procurement exceeds £500,000, approval to procure must be obtained by way of a Cabinet Report and a Cabinet decision must be obtained prior to any tender activity commencing (Table 1 Authorisation and Acceptance Thresholds, CPR). Under Section 14 of the CPR, the Portfolio Holder with responsibility for Finance and Human Resources must be consulted at the pre-procurement planning stage and the Directorate Portfolio Holder must be consulted throughout the commissioning, planning and procurement phase of the project. Specifically, paragraph 14.2 requires the development of the documents, prior to Cabinet approval, in close engagement and consultation with the portfolio holder for the service and any other portfolio holder that is considered to have an interest in the outcome of the tendering exercise.

As required by paragraph 14.1 CPR, this Cabinet report seeking approval to commence the procurement, is accompanied by the draft tender documents (exempt) and this report contains a recommendation seeking approval of the draft tender documents.

In line with paragraph 6.1 CPR, HB Public Law (HBPL) has supported with the legal aspects of this procurement, including the drafting of the terms and conditions. Once the contract is awarded and finalised, HBPL will process the contract through sealing.

Regulation 108 PCR requires the Council to publish contract award information on Contracts Finder within a reasonable time of the award of contract.

### Financial Implications

Taking into account that this contract has not been procured for a few years, there is a danger that tender annual costs may well be received which are above budgets held which is £200k pa.. Going out to procurement will ensure the Council receives the best possible competitive price in the high inflation economic environment.

The contract will contain options to allow additional headroom to cover ad hoc printing and inserting requirements including Sundry Debtor services, housing and environmental services should they be required.

The £200k budget is as follows:

* £20,000 pa Bulk Document Printing and Mailing Services
* £40,000 pa Printing and mailing for Council Tax, NDR and Benefits documents
* £120,000 pa for Revenues & Benefits and Parking
* Up to £20,000 pa buffer to cover comms/environment leaflets and mailshots work which is also likely to be needed on an as and when basis.

### Equalities implications / Public Sector Equality Duty

There are no Equalities implications arising from the recommendations within this report; the local authority is simply asking to replace a key service Contract.

#### Council Priorities

Agreeing the procurement ensures good governance and supports our residents by ensuring value for money and dovetailing with one of our key priorities, namely; - **“ A council that puts residents first”.**

# Section 3 - Statutory Officer Clearance

**Statutory Officer: Sharon Daniels**

Signed off by the Chief Financial Officer

**Date: 03 August 2023**

**Statutory Officer: Melissa Trichard**

Signed off on behalf of the Monitoring Officer

**Date: 04 August 2023**

**Chief Officer: Alex Dewsnap**

Signed off by the Managing Director and Head of Paid Service

**Date: 04 August 2023**

**Head of Procurement: Martin Trim**

Signed off on behalf of Head of Procurement

**Date: 03 August 2023**

**Head of Internal Audit: Tracy Barnett**

Signed off by the Head of Internal Audit

**Date: 03 August 2023**

**Has the Portfolio Holder(s) been consulted? Yes** [x]

## Mandatory Checks

### Ward Councillors notified: NO, as it impacts on all Wards

### EqIA carried out: NO

If **‘NO’** state why an EqIA is not required for Cabinet to take a decision N/A

### EqIA cleared by: N/A

Section 4 - Contact Details and Background Papers

**Contact:**

Fern Silverio (Head of Service – Collections & Housing Benefits),

Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

**Background Papers:**

None

Call-in waived by the Chair of Overview and Scrutiny Committee

**NO**