



Report Title: **BLT Bill Printing Services**

Forward Plan reference number (if applicable): Item 3 on version 77

Report of: **Director of Corporate Resources**

Wards(s) affected: **N/A**

Report for: **Non-Key Decision**

1. Purpose (That is, the decision required)

1.1 To seek Member agreement to approve the contract award for BLT Bill Printing Services to the supplier named in paragraph 1.3 of Appendix 1.

2. Introduction by Cabinet Member (if necessary)

2.1 It is disappointing to note the lack of interest in this contract and further note the comments outlined in paragraphs 4, 5 and 6 of the report. I therefore reluctantly concur with the recommendations to enable the printing of BLT bills.

3. Recommendations

3.1 That Members agree, as allowed under Contract Standing Order (CSO) 11.03, to award the **BLT Bill Printing Services contract** to the supplier detailed in paragraph 1.3 of Appendix 1 of the Report on the basis that it submitted the most economically advantageous tender.

3.2 That the agreement be awarded for a period of two years with an option to extend for two further years on the basis detailed in the report.

Report Authorised by: **Julie Parker, Director of Corporate Resources**

Signed: *J. Parker* 7/10/08.

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4. Chief Financial Officer Comments

4.1 The Chief Financial has been consulted over the contents of this report and would

like to highlight the following.

- 4.2 The proposed contract award appears to provide improved value to the council as the estimated annual costs will be approximately 8% less than current expenditure (£122k compared to £148k in 2007/08).
- 4.3 The risks highlighted in the report due to a limited pool of suppliers should be noted and the solution proposed in section 6.6 to improve the chance of increased competition in the future should be supported.

5. Head of Legal Services Comments

- 5.1 Corporate Resources Directorate ("the Directorate") embarked on a restricted tender procedure for the provision of bill printing services for its Benefits and Local Taxation service.
- 5.2 This failed to attract sufficient competition so the Directorate made use of the OGC Buying Solutions Print Management Framework Agreement. This has been tendered in Europe and is therefore compliant with the Public Contracts Regulations 2006 ("the Regulations").
- 5.3 The Directorate made use of the mini-competition procedure in accordance with the Regulations and invited tenderers from the Framework to submit bids for the service.
- 5.4 The Directorate wishes to appoint the Contractor identified in the Appendix of this report.
- 5.5 The recommended Contractor will enter into a sub-contract with the Council's current supplier, DSI, for the provision of the service.
- 5.6 The Cabinet Procurement Committee has power to approve the Contract in accordance with Contract Standing Order 11.03.
- 5.7 The Head of Legal Services confirms that there are no legal reasons preventing Members from approving the recommendations in the report.

6. Head of Procurement Comments

- 6.1 This procurement exercise has clearly confirmed that Bill Printing is a specialist market and one that carries risks for both the Council and the Contractor.
- 6.2 The initial advert failed to attract sufficient competition, therefore use of the OGC Framework was considered and applied, which produced only a limited response but sufficient to demonstrate competition.
- 6.3 The Council is able to compare the expiring contract, with prices submitted from two

tenders (even though one was subsequently withdrawn).

- 6.4 The winning bidder is proposing to use the existing supplier as a sub-contractor in order to minimise bill processing risks and yet is able to bring efficiencies that offer cost savings of around 18%.
- 6.5 The Head of Procurement is therefore satisfied that the recommendations in this report will provide overall best value for the Council and that risk to service delivery have been adequately addressed.
- 6.6 The only other bidder withdrew late in the process because they felt the risks of taking on new processing to be significant and that they did not sufficiently understand related Council processes. It is suggested therefore that BLT/ICT should address this matter and require the new contractor to co-operate in producing a detailed process map and specification and for BLT/ICT to maintain its currency for when this contract comes up for renewal again. The availability of the document should hopefully attract stronger competition between bidders in the future.

7. Local Government (Access to Information) Act 1985

This report contains exempt and non-exempt information. Exempt information is contained in Appendix 1 and is **not for publication**. The exempt information is under the following category (identified in the amended schedule 12A of the Local Government Act 1972)

(3) information relating to the financial or business affairs of any particular person (including the authority holding that information).

7.1 See Appendix 1 for exempt information.

8. Strategic Implications

- 8.1 This report describes the process to award the contract for Bill Printing Services for the Benefits and Local Taxation Unit for the Council. The agreement will run from Nov 08 for two years with the option to extend for a further two years only if the supplier is still providing good service and is affordable. If this is not the case or if we wish to test the market again at this point, we can choose to end the contract after two years and re-compete as appropriate. The contract value based on the estimated quantities provided by BLT and the supplier's quote is approximately £245,000 overall total for both years. As this is close to the threshold for Procurement Committee and as the actual value will depend on variable quantities, the recommendation has been brought to Members to approve, in case the actual spend exceeds £250,000. This contract will be funded through BLT's budget. BLT has engaged in this tender exercise and concurs with the award recommendation.
- 8.2 The use of a two year contract will bring about benefits through certainty of supply, cost and quality for this duration, with clauses in the contract intended to ensure satisfactory performance. A two year duration has been selected rather than three

years as there are other proposals being considered to achieve an increase in online billing and payment facilities as part of the Council's drive to be the greenest London Borough. This could mean that requirements may change significantly so it was considered that a review in two years' time would be most appropriate in the circumstances.

- 8.3 A robust contract with clearly stated processes and controls should ensure that bills are sent out in an accurate, timely and cost-effective way, maximising the likelihood of correct payment on time by the Borough's residents and businesses and minimising the risk of any challenge to the validity of the payment request which would delay the receipt of proper and due charges. Benefits should also be sent out in an accurate, timely and cost-effective way, providing a good service to residents in need which should have a positive impact on customer satisfaction of Council services.

9. Financial Implications

- 9.1 The anticipated budget for the work delivered by this tender over the two years of the contract is £245,000.
- 9.2 The contract will be paid for out of the BLT budget.
- 9.3 The contract cost includes the supply and storage of stationery by the supplier, as per our specification stated in the Invitation to Tender.
- 9.4 The rates quoted are per 1000 items. One of the suppliers has also quote a fixed monthly charge in addition to the 'per 1000 items' rates.
- 9.5 The estimated annual value of the new contract is comparable to the current value, even though this has not been increased for two years. The rate for the fixed monthly charge is reduced by approximately 18%.
- 9.6 Two bids were received. The unsuccessful bid, which has since been withdrawn, is approximately 35% higher than the recommended supplier's bid. The figures have been left in the Appendix for comparison purposes.

10. Legal Implications

- 10.1 See Head of Legal Services comments at paragraph 5.

11. Equalities Implications

- 11.1 In the Equality Public Duty Scheme adopted by the Council, the Council is committed to promoting equality through procurement.

- 11.2 The Council seeks to do this in three fundamental ways:

- i. **Equality of opportunity to tender for Council contracts.** The aim is to open up the supply chain so that all potential suppliers who are interested have the opportunity to tender through a process that is fair, transparent and accessible to all. (Equality Scheme, para 5.11 – 5.11.1)

In regard to the proposals in this report, the advert inviting an expression of interest was publicised in a range of outlets to attract as much range and diversity of potential suppliers as possible. Local Haringey journals were also used in order to attract potential local suppliers who might be interested.

The evaluation criteria and process were also made available to bidders. The highest performing tenders were interviewed and given the opportunity to present their proposals and answered questions on their submissions, and their performance evaluated against the same criteria and ratings. The requirements of accessibility, transparency and fairness are therefore satisfied in accordance with the Council's Equality Scheme in respect of procurement.

- ii. **Influencing (promoting equality with) the people we do business with.** The aim is to ensure that we continue to operate a tender process embedded with equalities criteria that are part of the Pre-Qualification Questionnaires (PQQ) and in contract performance monitoring. The PQQ was used in regard to this tender evaluation, thus complying with the Equality Scheme in respect of procurement.
- iii. **Taking account of equalities issues when drafting contact specifications.** The aim is to ensure that goods, services or works provided on behalf of the Council not only meet the fit-for-purpose and value-for-money criteria but also meet the needs of Haringey service users in all their diversity and reflect the Council's commitment to equal opportunity. We expect therefore that the eventual provider will supply training programmes that will have equalities considerations as essential components.

12. Consultation

12.1 Not required.

13. Background

- 13.1 The aim of the BLT Bill Printing contract is to deliver services that make a major contribution to some of Corporate Finance's key objectives of assisting in delivering projects to improve services and the Council's performance, maximising resources available to the Council, including cash flow and debt management and finally, delivering improvements in financial management across the Council.
- 13.2 It will do this by having robust specifications, timescales, processes and contract management in place with sound contractual conditions of the OGC Print Management framework agreement in place to fall back on if required. This should ensure that bills, reminders and final demands are issued correctly and on time to maximise the receipt of monies to the Council and that benefits correspondence

(and by implication, benefits payment) is issued correctly and on time to help improve services and the Council's performance in the opinion of benefit recipients.

- 13.3 The aim of the tender exercise is to identify quality bill printing services at a competitive price from reputable, competent suppliers to give BLT a reliable supplier with which to place its printing requirements. The approach is to agree set prices based on quantity for the defined types of bill and notice issued by the Council, whether regularly, ad-hoc or on an annual basis.
- 13.4 The contract will run for an initial period of two years, starting in November 2008. At the end of this period the Council may decide to exercise an option to continue the contract for a further two years. This decision will be taken on the basis of continued need and on the suppliers' performance and ability to maintain demonstration of value for money service provision.
- 13.5 In May 2008 adverts inviting expressions of interest were placed in the Official Journal of the EU (OJEU Bulletin), on the Haringey Website and in Muswell Hill Journal, the Hornsey & Crouch End Journal and the Tottenham, Wood Green & Edmonton Journal.
- 13.6 Two expressions of interest were received but only 1 completed pre-qualification questionnaire (PQQs) was returned, from the current supplier. As this was considered an unsatisfactory response in terms of achieving competition, it was decided in conjunction with BLT and Corporate Procurement to use the OGCbuyingsolutions Print Management Framework Agreement to run a mini-competition, under Lot 2, Print Framework Digital Printing. The OGC Framework does not include the current supplier but details of the supplier were made available to the framework suppliers and vice versa in case either side wanted the option of partnering to quote for the work.
- 13.7 The first stage of the mini-competition was to issue a Capability Assessment (CA) notice to all 19 suppliers in Lot 2. Of these, 7 assessed themselves as 'Capable', 3 assessed themselves as 'Not Capable' and the remaining 9 did not answer at all.
- 13.8 The second stage was to issue Invitation To Quote (ITQ) documentation to the 7 capable suppliers. Quotes were sought on the basis of the most economically advantageous tender and not simply the lowest tender. The return date was extended to allow bidders sufficient time to incorporate additional information issued to all in response to clarification questions raised by bidders.
- 13.9 On the return date of 14 August 2008, 2 suppliers provided quotes, 2 suppliers declined to quote and the remaining 3 did not respond. The suppliers are listed in Appendix 1. Both the suppliers who quoted chose to work with other suppliers who are not on the Framework Agreement to deliver the services. One supplier chose the Council's current provider. There is nothing in the OGC Framework Agreement that restricts the use of sub-contractors so these bids remain compliant.

13.10 The tenders were assessed by a panel of three members, one from BLT and two from IT Services, using the Council's agreed process and in compliance with Council Standing orders. The following evaluation criteria were used:

Data Transfer Batch Job Processing method statement	22%
All Other Processing method statement	22%
Change Control System method statement	22%
Provision of process email addresses	12%
Price	22%

Each of these criteria was judged on the following scale

- 0 – unacceptable
- 1 – below expectations
- 2 - approaching expectations
- 3 – meets most expectations
- 4 – meets all expectations
- 5 – exceeds most expectations

13.11 The marks (out of 500) were as shown in Appendix 1 along with details of the recommended successful supplier.

13.12 Circulation of this report for comment resulted in a query from Legal Services requesting clarification on the contractual arrangements for the 'partnering' agreements for each bidders. Clarification was sought from the bidders. The bidder which is partnering with the current supplier provided a draft agreement that is a replica of the agreement that was in place between Northgate Information Systems and the provider (which was the original contractor/sub-contractor arrangement for this requirement). The other bidder withdrew from the process at this point 'due to contractual issues'. On further questioning, this bidder explained that it felt that it (and its sub-contractor) did not have enough understanding of our current processes and any changes that it may need to make. Therefore, and because of what it perceived as a challenging implementation timescale, the bidder felt unable to take on the risk of possible failure and also did not want to impose the risk of unbilled revenue on to the Council.

13.13 Although this leaves us with just one bidder at a very late stage of the process, a competitive procedure has been followed and other prices have been submitted in competition to enable us to carry out a genuine price and quality evaluation, so the recommendation remains valid.

14. Conclusion

14.1 The report describes the process and results of the BLT Bill Printing tender. The supplier who has been recommended will provide quality, value-for-money services for a period of up to four years.

15. Use of Appendices / Tables / Photographs

15.1 Appendix 1 – Exempt Information