

From: Mike Hill, Cabinet Member for Community Services
Barbara Cooper, Corporate Director Growth, Environment and Transport

To: Growth, Economic Development and Communities Cabinet Committee – 22 March 2017

Subject: KCC Records Management storage reprocurement

Key Decision Yes

Classification: Unrestricted

Past Pathway of Paper: Strategic Commissioning Board

Future Pathway of Paper: Award report to Strategic Commissioning Board

Electoral Division: All

Summary:

This report updates on progress to retender the KCC Records Management Storage contract.

Recommendation:

The Cabinet Committee is asked to consider and endorse the proposed approach or make recommendations to the Cabinet Member for Community Services on a proposed decision to delegate the award and signing of the contract to KCC officers following completion of the tender evaluation process as shown at Appendix A.

1. Introduction and background

- 1.1 The Records Management Service (RMS) is an internal service managed by Libraries, Registration & Archives (LRA) in partnership with the KCC Records Manager who is based in the Information, Resilience and Transparency Team. The service operates in order that KCC is compliant with the Lord Chancellor's Code of Practice on the management of records issued under section 46 of the Freedom of Information Act 2000.
- 1.2 The service operates on a zero based budget managed by LRA; the expenditure on staffing, leased vehicle and storage costs being recharged to the Directorates and teams who place files for storage with the service
- 1.3 In 2010/11 a review was carried out on the Records Management Service which was at the time a service completely delivered in-house from the KCC facility at Kings Hill. There were issues with the conditions at Kings Hill with water ingress and lack of environmental control. As a result of the review it was agreed that KCC would no longer store the records maintained by the RMS in-house but would outsource the storage. This meant that the service was no longer bound to a fixed cost for the space available at Kingshill, and meant efficiencies were achieved due to the fact that outsourced storage was charged on the basis of linear metres of storage used, retrieval of records and

destruction of records according to the KCC retention schedule, and only after the appropriate permissions had been given to the contractor.

- 1.4 The contract was awarded to TNT Business Solutions, based in Thurrock, on the 1 September 2011. This decision ensured that the records were stored in accommodation which better met the environmental conditions needed and were a significant improvement on those of the Kings hill site. The contractor stores our materials in an environmentally controlled space with a VESDA (Very Early Smoke Detection Apparatus) system, and all of the contractor's staff are security vetted at the appropriate levels. Security at the site reflects the fact that the current supplier undertakes a significant amount of work for government departments. The requirement to provide the storage to these standards will remain a critical element of the contract going forward so KCC can be assured that its records will always be kept appropriately.
- 1.5 A staffing review carried out at the same time allowed the reduction of the RMS team due to the fact LRA were no longer operating the storage facilities. The move to outsourced storage and the reduction in staff numbers ensured that value for money was delivered for the Directorates and individual teams accessing RMS and recharges were also reduced.
- 1.6 The current contract with TNT Business Solutions is due to expire on the 30 July 2017. The value of the current contract is approximately £200,000 a year. It is proposed that the new contract will be for up to ten years.

2. Developments and options considered

- 2.1 The impact of New Ways of Working has led to an increased use of the RMS as physical storage in offices is being drastically reduced. Although the physical storage requirements are likely to decrease over the next 5-10 years there is still no infrastructure for managing electronic records in a systematic way across the authority and there are no immediate plans to introduce the necessary infrastructure. Due to the long retention periods attached to Social Care records relating to looked after children (75 years) and adopted children (100 years), the only secure method of retaining the records currently is in a physical format. In addition, some of these records have personal property attached to them which could not be held in electronic format.
- 2.2 During the life of the new contract options for how RMS needs to adapt and consider different approaches for the future will be explored.
- 2.3 With the current contract with TNT expiring on the 30 July 2017 each of the following options were considered for re-procurement;
 - 2.3.1 Do nothing and negotiate a contract extension with the current supplier: As the contract term comes to an end July 2017, the authority would be operating without a contract, which would lead to unfavourable terms from the supplier. This option crucially does not comply with the EC Procurement Directives and thus there would be a significant risk of challenge regarding non-compliant procurement. The impact (if the challenge was successful) may include the contract being found to be ineffective and therefore cancelled, subsequently requiring a re-

procurement (of a compliant nature), along with a fine (of an unknown amount), and/ or damages to the complainant.

- 2.3.2 Bring storage back in house: This option would involve significant costs in the movement of the over 70,000 boxes currently in storage to a KCC premise. At present no KCC premise or leased location has been identified that has the levels of environmental control and security provided by specialist suppliers. The timescale to bring the service back in-house would be a significant concern given that no proposals currently exist for this option. It is not therefore viable to explore this option at the present time and is in fact likely to be a backward step as it would involve KCC once more in fixed costs of premises, reduced flexibility as well as requiring extra staff resource/cost in order to manage the storage and retrieval.
- 2.3.3 Extend the contract with the current supplier using a single-source process: Similar to option 1 this is not recommended as would not be legally compliant and significant risk of challenge.
- 2.3.4 Use an existing Framework contract: There is a compliant framework but it does not have the range of suppliers that were identified at the Market engagement phase and there is a potential of higher costs
- 2.3.5 Run a tender process for a new Records Management Storage Contract: The preferred option: by engaging in a tender process the Authority will have tested the market and found the best value solution that is fit for purpose and is legally compliant process. There is a risk with this option that changing supplier could lead to additional costs to the authority (estimated at approximately £160K). It is proposed that this risk is mitigated by taking these costs into account as part of the tender evaluation process. If the current supplier were to be successful, no exit costs would be incurred.
- 2.4 The evaluation of pricing during the tender process will be structured to allow the Council to take account of the 'Whole Life Costs' of the contract, including the potential costs of a new supplier winning the contract.
- 2.5 To ensure the market has the opportunity to submit competitive bids a longer contract is proposed as this will allow new suppliers to spread costs over a longer period. The longer contract period does include break points and the option for changes at any time at the request of both parties during its length to ensure the option to take stock and cancel if required and ensure the contract delivers as required and continues to deliver value for money.
- 2.6 Alongside the tender process the team have also reviewed the contract Key Performance Indicators to ensure they are fit for purpose and looked at all the termination clauses to ensure they are sufficiently robust. LRA staff, the records manager and the procurement team are also working together to refresh the contract management to ensure the robust arrangements are maintained.

3 Financial Implications

3.1 The annual expenditure on this service is estimated at £200,000 per annum, over the potential contract term of 10 years, inclusive of potential contract exit and implementation costs should there be a new supplier. This will be funded from the LRA revenue budget and recharged to the Directorates and teams using the service over the contract period.

4 Timescales

4.1 The procurement process will take six months, and therefore a contract extension with TNT for an additional six months may have to be negotiated to allow for the potential implementation period should a new supplier be successful.

4.2 The details of the next steps are shown below:

- Tender evaluation completed by end of March 2017
- Award report to go to Strategic Commissioning Board - 19 April 2017
- Contract award - June 2017

5 Equalities implications

5.1 An equalities impact assessment is included as Appendix B and there are no adverse impacts from this retender.

Summary:

This report updates on progress to retender the KCC Records management storage contract.

Recommendation: The Cabinet Committee is asked to consider and endorse the proposed approach or make recommendations to the Cabinet Member for Community Services on a proposed decision to delegate the award and signing of the contract to KCC officers following completion of the.

6 Background Documents

Appendix A: Proposed Record of Decision

Appendix B: Equalities Impact Assessment

7 Contact details

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