

<b>Subject:</b>	<b>Re-Procurement of Secondary Records Storage</b>		
<b>Date of Meeting:</b>	<b>23<sup>rd</sup> January 2020</b>		
<b>Report of:</b>	<b>David Kuenssberg, Executive Director, Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Peter Bode</b>	<b>Tel: 01273 29-6634</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 Secondary storage is an industry term describing the storage of records outside the Council via an outsourced supplier.
- 1.2 The Council stores legacy paper records evidencing its decision making and actions in order to comply with The Public Records Act 1958 and various other pieces of legislation. In most cases, these records are not held for current business purposes, but rather to meet legal obligations or to respond to requests for historic service user information. The Council has been storing its records with DeepStore Ltd since 2011 and since 2016 has been calling off the services from a Surrey County Council Framework Agreement. This framework is due to expire in May 2020. As a result, Brighton & Hove City Council and Surrey County Council are collaborating to procure a new contract.

**2. RECOMMENDATIONS:**

That the Policy & Resources Committee:

- 2.1 Approves the procurement of a Secondary Records Storage provider in partnership with Surrey County Council.
- 2.2 Grants delegated authority to the Executive Director of Finance and Resources to award a contract for the provision of secondary records storage for an initial period of 7 years with three optional 1 year extensions.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The Council has a legal obligation to retain certain records for prescribed periods of time as evidence of its decisions, actions and operations. In the case of permanent records, these will eventually be transferred to the Keep in Falmer.
- 3.2 However, there are many non-permanent records, such as those pertaining to Child Protection, which require retention for up to 100 years.

- 3.3 The Council currently holds nearly 40,000 boxes of records in storage, although it is proposed to reduce this by approximately 25% (Circa £17,000 per annum) over the course of the next two financial years.
- 3.4 The Council is an efficient user of the current services, having removed the need for much use of the more expensive (handling and transport) services through data quality and digital transformation initiatives over the past decade.
- 3.5 The services to be procured incorporate provision of a National Archives accredited storage repository, provision of an electronic portal for registration and search of records, records handling, transport and destruction of records.

#### **4. RATIONALE FOR PROPOSED PROCUREMENT APPROACH**

- 4.1 The Council currently uses the same supplier of secondary storage as Surrey County Council, although Surrey is a more intensive user of the expensive transport and handling services, on the basis that they are not as digitally integrated. By procuring in partnership with Surrey, the Council would benefit from shared effort in the procurement process as well as opening up the potential to avoid exit costs with the existing supplier.
- 4.2 The Councils have agreed that social value will be assessed during tender evaluation.
- 4.3 In assessing the market ahead of this procurement, the two Councils reviewed the two main Central Purchasing Frameworks, which are the Crown Commercial Services and ESPO frameworks. The option of using a framework to procure has been discounted on the basis that it is not possible to include the current supplier in a framework competition, due to their absence from the available frameworks. The Council wishes to retain the opportunity to include the current supplier in the process, with a view to potentially avoiding exit costs and due to satisfaction with the maturity of the current relationship.
- 4.4 The high contractual exit costs also informs the proposal to issue a tender for a longer period than is usual with public sector contracts. Exit costs associated with records handling, data amendment and transport are inevitable in this market sector. If these costs are to be incurred then it makes sense to minimise the budgetary impact by incurring these costs less regularly.

#### **5. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

##### **Framework Procurement**

- 5.1 A procurement from an existing supplier framework can offer a quick and cost effective route to market.
- 5.2 However, it is considered that in this case, the Council has arranged a bespoke service model with the existing supplier, which is a good fit with regard to this

resource position. Regardless of which supplier is successful at tender, it is vital that the Council is able to retain this flexibility of service delivery.

### **Shorter Contractual Period**

- 5.3 A shorter contractual period potentially offers the Council flexibility to switch from an unsatisfactory supplier relationship or to take advantage of service model improvements initiated by a competitor.
- 5.4 However, the service models in this industry are long established and standardised. Due to increasing digitalisation, demand for paper storage and transport services is decreasing. Accordingly, many suppliers have expanded their digital offering. Despite this, it remains the case that the services the Council requires from this contract are the traditional ones and there is little prospect of a substantial sea change in offerings during the life of this contract. It is thought that the risk posed of incurring financial disadvantage through a longer contract is low.
- 5.5 Given the inevitability of high contract exit costs in this sector, it makes sense for the Council to minimise exposure to these by procuring over a longer timeframe.

## **6. COMMUNITY ENGAGEMENT & CONSULTATION**

- 6.1 No community consultation has been conducted with regard to this procurement. This is on the basis that the services to be procured are necessary to meet statutory and other legal obligations of the Council for information retention. Furthermore, there will be no direct interaction between residents and the successful supplier. Accordingly, the impact upon residents is considered minimal.

## **6. CONCLUSION**

- 6.1 The proposed procurement approach enables the Council to include the existing supplier in a competitive tender process, which would not be possible using any central purchasing body frameworks. The relationship between this supplier and the Council has reached a high level of maturity and costs are well contained. We wish to maintain the currently level of service maturity with any future supplier.
- 6.2 A longer contract term enables the Council to avoid regularly incurring the substantial exit costs associated with services of this type. It is anticipated that the service models available within this supplier market will remain static. Accordingly the risk of missing an opportunity to transfer to a more suitable service model appears very low.

## **7. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 7.1 The current contract costs approximately £0.086m per annum, and the potential exit costs relating to file handling, data amendment and transport are expected to be substantial, at around £0.100m. The service would expect the storage costs

element of the contract to reduce by around 25% in the new arrangements, saving approximately £0.017m each year therefore a longer contract period would be more financially sustainable.

*Finance Officer Consulted: James Hengeveld*

*Date: 13/01/2020*

Legal Implications:

- 7.2 The council has a duty to secure continuous improvement in the way in which its functions are exercised having regard to a combination of 'economy, efficiency and effectiveness' (known as the duty of best value).
- 7.3 In accordance with Part 4 of the council's Constitution, Policy & Resources Committee is the appropriate decision-making body in respect of the recommendations set out in paragraph 2 above. In addition, in order to comply with CSO 3.1, authority to enter into contracts in excess of £500,000 must be obtained by the relevant committee.
- 7.4 Orbis Public Law Officers will advise on the proposed procurement process and contract to ensure that they comply with all relevant public procurement legislation as well as the council's Contract Standing Orders (CSOs).

*Lawyer Consulted: Barbara Hurwood*

*Date: 15/01/2020*

Equalities Implications:

- 7.5 There are not considered to be any equalities considerations associated with this procurement

Sustainability Implications:

- 7.6 The sustainability considerations associated with this procurement are twofold:
- All suppliers in this market have intensive climate control systems in order to meet the repository standards established by The National Archives. These systems are power intensive, so clearly the efficiency of these and the power sources are relevant to sustainability considerations.
  - The delivery of records back to Council sites is by means of vans. In the main, these are diesel powered. Accordingly, proximity of the repository site to Council premises would have an environmental sustainability implication.

Any Other Significant Implications:

Crime & Disorder Implications:

7.5 No relevant factors have been identified

Risk and Opportunity Management Implications:

7.6 No relevant implications have been identified

Public Health Implications:

7.7 There are no public health implications arising out of the proposed procurement

Corporate / Citywide Implications:

7.8 The proposed procurement supports the Council's strategic priority of providing a good life for resident. A substantial portion of the records held in custody are the personal data of vulnerable residents and can support identification of and provision of support for their needs, enabling full participation in an active and satisfying life.

**SUPPORTING DOCUMENTATION**

**Appendices:**

NIL

**Background Documents**

NIL

