

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

- 3.1 The Council is dependent on its information to operate efficiently. Without efficient storage and retrieval of such recorded information, the council would struggle to meet its obligations in a timely and cost effective manner.
- 3.2 Records (both paper and electronic) may remain 'current' and therefore be required to be stored for up to 100 years and it is vital for council services to be able to locate and retrieve information readily, not only to meet legal requirements but also to provide good customer service.
- 3.3 Paper and/or electronic records provide evidence of actions and decisions, and represent a vital asset in support of organisational functions – they are effectively the 'Corporate Memory' of the organisation. They support policy formation and managerial decision-making; they protect the interests of the Council and the rights of staff and of members of the public who have dealings with the Council.
- 3.4 The current Modern Records Management Service, through the proper control of the content, storage and volume of paper records, reduces vulnerability to legal challenge or financial loss. It promotes best value in terms of human and storage resources through greater coordination of information and storage systems. Removing semi-current records from council premises to less-expensive storage facilities (currently Newhaven), and by ensuring that paper records are kept only for as long as they are required, we have been able to fulfil legal and/or administrative purposes in a cost effective manner. Through this service, paper records are then destroyed appropriately or retained as archives to ensure a permanent record of the activities of the Council. However, the service has now reached capacity and there will shortly be no capacity to store any further modern records without incurring substantial costs.
- 3.5 The requirement for the management of BHCC paper records is covered by numerous pieces of legislation including:
 - The Local Government Act 1972
 - The Freedom of Information Act 2000
 - The Data Protection Act 1998.
- 3.6 Over time, it is the intention of the council to move to cheaper electronic storage of information records reducing, where practical, the use of paper records across the organisation. This will be achieved through increased usage of Electronic Document Records Management (EDRM) software and scanning facilities to reduce the volume and retention of physical documents. However, there will remain a requirement to retain paper records, albeit reducing in volume over time, while this transition is achieved.
- 3.7 The council is also developing an Information Management approach which strongly links modern records management and storage with access to information, Electronic Document Record Management and redesigned business processes. This requires a more holistic approach aimed at making the management, retrieval, storage and removal of information faster and more cost-effective. The current Modern Records Management Service contract is unable

to offer sufficient flexibility in terms of costs or service development to meet immediate and future requirements.

Tendering for a new service – considerations

- 3.7.1 Currently, the Modern Records Management Service provided by ESCC is at a fixed cost i.e. the cost remains the same regardless of the volume of records or boxes stored. The council is currently contracted to have 2.3 warehouses in Newhaven as its means of storing documents. This means that there is little flexibility for BHCC to reduce these costs simply by reducing the volume.
- 3.7.2 All available capacity at the existing Newhaven facility has utilised.
- 3.7.3 Market testing has identified that if existing storage requirements remain static (around 30,000 boxes) a more cost effective service is achievable through retendering to contract. If demand for storage increases the opportunity for savings will reduce and additional capacity will need to be sought.
- 3.7.4 Through improved management and control of paper records supported by a move to electronic capture of existing records it is accepted that a significant reduction in paper records storage can be achieved over time. For this reason this report proposes a contract model based on a per box stored (i.e. reducing volume) basis to deliver the optimal level of cost savings over the duration of the contract.
- 3.7.5 The council is legally required to provide a 'Records Management Service'; currently this is provided by ESCC officers as part of the existing Modern Records Management Service. If it is agreed to tender for a new contract, it is proposed that this provision be made an optional part of the ITT (Invitation to Tender). The TUPE (staff transfer) implications of the future of this element of the service will be assessed as an opportunity for the council to manage this process itself, This will provide the expertise needed within the council to improve governance for all forms of record storage including electronic, paper, audio, video etc.

3.8 Options that have been considered:

- 3.8.1 Do nothing: This is not considered a viable option as the council has a legal requirement to securely manage its paper records and has now exhausted existing capacity to store modern records.
- 3.8.2 Extend the contract again with ESCC: This will not ensure that the council is achieving value for money and able to manage down its costs through the reduction in paper records over time. This is because ESCC have fixed costs in the warehouses they lease on our behalf. There may also be high costs due to the need to identify additional short-term capacity until paper volumes reduce.
- 3.8.3 Tender the provision of the Modern Records Service: This is the preferred solution as this will ensure that the council achieves value for money whilst also enabling the management of costs through a reduced volume of storage over time. It also enables the specification of new/improved requirements for storage, retrieval, and records management commensurate with the council's Information Management approach.

4. CONSULTATION

- 4.1 Soft market testing has been undertaken with private sector providers. This exercise involved contacting private market suppliers for indicative costs to evaluate whether tendering a revised solution was the best way forward for BHCC. The table below shows the costs for the storage of an equivalent number of boxes (30,000) though does not include Records Management. This exercise suggests a financial saving of around 15% per annum based on current storage requirements.

Supplier	£ Cost to store 30 000 boxes per annum	£ Annual Sub Total including collection and delivery of boxes and destruction of records
A	£94 344	£120 760
B	£82 800	£108 436
C	£61 200	£95 426
D	£54 000	£90 098

- 4.2 Consultation with the Records Management Society has taken place. This body has given advice regarding areas that BHCC should consider when tendering and forming a contract with a private sector supplier.
- 4.3 BHCC have spoken with ESCC to establish their intent to tender for the service in the future. They have stated that they will submit a tender to provide a service. It will be made clear that the service will be based on storage volumes in the future rather than the historic 'fixed costs that have been used.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 Through the competitive tendering process the Authority will be able to achieve the best value for money for this service; at this stage assumptions are that savings of up to £35,000 may be achievable. There may be set up costs in the first year that would need to be offset against the initial savings, however as far as possible the aim will be to recoup these over the contract term. Estimated savings will be reflected in the 2011/12 budget.

Finance Officer Consulted: Alasdair Ridley

Date: 23/07/10

Legal Implications:

- 5.2 The services referred to in this report are 'Part B' services for the purpose of EU procurement law and UK procurement Regulations, and therefore not subject to the full application of either. The Council is nevertheless required to comply with EU Treaty objectives of non-discrimination and openness in procurement, as well as comply with its obligation to seek Value for Money. The proposed tendering procedures will help to ensure adherence to these objectives. Contracts valued in excess of £75,000 must be in a form approved by the Head of Law. The Council must take the Human Rights Act into account in respect of its actions but it is not

considered that any individual's Human Rights Act rights would be adversely affected by the recommendations in this report.

Lawyer Consulted:

Sonia Likari

Date: 29/06/10

Equalities Implications:

5.3 No implications.

Sustainability Implications:

5.4 A Sustainability Assessment has been completed and findings of this have been reflected where possible in this project.

Crime & Disorder Implications:

5.5 No implications.

Risk & Opportunity Management Implications:

5.6 An assessment of the potential risks and mitigations of tendering the service in this way has been undertaken. This approach provides opportunities for the council to achieve savings linked into its wider VFM programme and to improve the overall management of its information assets.

Corporate / Citywide Implications:

5.7 These are set out in the main body of the report.

6. EVALUATION OF ANY ALTERNATIVE OPTION(S):

6.1 The extension of the existing contract with East Sussex County Council for the provision of these services was reviewed, but this would be in breach of European Procurement Regulations.

7. REASONS FOR REPORT RECOMMENDATIONS

7.1 A new contract will ensure Value for Money is achieved and risks are reduced to a minimum for the Council.

7.2 A new contract will allow greater flexibility in the provision of this service allowing for increased or decreased capacity requirements.

7.3 A new contract ensures legal compliance with contract standing orders.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents In Members' Room

None

Background Documents

None