

	<h2>Policy and Resources Committee</h2> <h3>10 October 2017</h3>
<p style="text-align: right;">Title</p>	<p>Design and Creative Services Procurement</p>
<p style="text-align: right;">Report of</p>	<p>Assistant Chief Executive</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Urgent</p>	<p>No</p>
<p style="text-align: right;">Key</p>	<p>No</p>
<p style="text-align: right;">Enclosures</p>	<p>None</p>
<p style="text-align: right;">Officer Contact Details</p>	<p>Katie Mayers, Head of Communications, Marketing and Engagement, katie.mayers@barnet.gov.uk Johnathan Schroder, Internal Communications and Engagement Manager, johnathan.schroder@barnet.gov.uk</p>

<h2>Summary</h2>
<p>This report sets out a proposal to procure the council’s graphic design and creative services externally, aimed at improving the quality and range of design and creative services that can be delivered, while reducing financial risk to the council. The report sets out a proposal to launch a procurement process and award a contract to a new provider for the next three years, with the option to extend for a further year.</p>

<h2>Recommendations</h2>
<p>1. Approval be given to officers to proceed with procurement activity to seek a new provider for design and creative services.</p>
<p>2. Note that following tender the acceptance of contract will be approved by the Assistant Chief Executive, in consultation with the Chairman of Policy and Resources Committee, in accordance with Contract Procedure Rules.</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 To comply with the council's Contract Procedure Rules, any proposed procurement action over the threshold of £164,176 and which is not included in this financial year's Annual Procurement Forward Plan (APFP) must come to the relevant theme committee for approval.
- 1.2 This report sets out the rationale for pursuing an externally procured model for delivery of graphic design and creative services. The proposal is for the term of the contract to last for three years plus one year.
- 1.3 The service is currently delivered internally, operating as a traded service whereby it charges other delivery units for commissioned design work. The model is such that the team's income should cover its costs. Analysis of management information has shown that the income into the design service and the number of jobs for the service has reduced over the last two years leading to a shortfall in income in 2016/17.
- 1.4 The proposal to procure externally has been taken in order to provide a professional end to end service and minimise any risk of financial loss to the council (see section 2). Further information relating to finances can be found in section 5.
- 1.5 If approved, a procurement process will begin shortly under the OJEU regulations with the intention of awarding a contract and mobilising with the new supplier in late 2017/early 2018.

2. REASONS FOR RECOMMENDATIONS

- 2.1 **Provision of a professional end to end service** – Through market testing it has been identified that there are a number of expert providers in the market that are able to offer a full provision of design and creative services to meet the council's needs. To deliver this service provision through the existing team would require significant service development and investment to make the current service fit for purpose for the council's requirements. This includes development of operational process, staff recruitment, skills development, investment in technology, procurement and management of a framework of specialist providers, business development to increase income generation and quality improvement.
- 2.2 **Reduced income** – The current design service operates on a cost recovery model, meaning that income into the service should cover its running costs. Analysis of management information has shown that the income into the design service and the number of jobs for the service has reduced over the last two years leading to a shortfall in income. This is a result of a number of factors including the council's diversified operating models, which has meant delivery partners are accessing alternative design service provision. In addition, the communications team has altered how it operates and there is greater focus on delivering campaigns and digital communications, which is

not within the current design service's remit. As a result external providers are commissioned more frequently. This has also had an impact on income levels.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Continuing with the current arrangement supported by a framework of suppliers was considered. However, this was rejected for the reasons outlined above.

4. POST DECISION IMPLEMENTATION

- 4.1 If approved, the procurement process will start immediately and a mobilisation plan will be put in place with the winning bidder.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

This decision supports the delivery of the Corporate Plan 2015-2020 as the design and creative services will play a key role in supporting and communicating effectively the programme of change over the next two years.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 Finance - income to the design service by internal and partner customers in 2016/17 was £90,490, with a further spend of approximately £30,000 with external creative agencies.

- 5.2.1.1 The proposed value of the contract is up to £200,000 per year. This value has been reached due to a number of factors:
- the broader range of design and creative services delivered through the appointed provider
 - the fact that the contract will be open for our delivery partners to utilise
 - a potential increase in hourly rate (see further detail below).

- 5.2.1.2 There will be no minimum spend threshold on this contract due to the discretionary nature of utilising design and creative services and the contract value does not represent guaranteed spend.

- 5.2.1.3 The design service operating model is such that it should 'pay for itself' and from 16/17 also make a small contribution to the wider running costs of the communications team. By removing the costs of running the service the need to generate income will also be removed. The contribution to the running costs of the wider service will now be achieved through wider service efficiencies and increased income from a range of advertising channels and filming services

5.2.1.4 Market testing has indicated that there may be an increase in the hourly design rate from the current provision of £30 per hour which is considered below the broader market rate. Initial investigations with some providers suggest that the hourly cost may increase to £40-60 per hour which is in line with market rates; this should, however, be viewed within the context of the expected improvement in the quality of the service provision. In addition, an increase in hourly rate does not necessarily indicate an increase in overall spend by the council as there will be a greater drive towards efficiency and use of templates to enable customers to self-serve and digital communications.

5.2.2 Staffing – the proposed changes impact upon a casual worker who works between 14 and 21 hours per week, and an agency worker. The establishment consists of a Design Manager post, which has been held vacant, and a Designer post, which is currently covered by the agency worker. It has been determined that the casual worker should transfer to the new provider under the Transfer of Undertakings (Protection of Employment) (TUPE) Regulations. Legal advice has been sought and provided in reaching this view.

5.2.3 IT, Property – the design service currently has a number of assets (Mac computers and storage servers) which would be offered at a nominal cost to the winning bidder to enable them to carry on offering an immediate on-site presence. It would revert to the council on completion of the three-year contract.

5.3 Social Value

5.3.1 The requirements on the council under the Public Services (Social Value) Act 2012 have been considered and will continue to be considered during the upcoming procurement process, in balance with the council's aims to maximise the value for money that can be achieved.

5.4 Legal and Constitutional References

5.4.1 Constitution Responsibilities for Functions Annex A sets out the terms of reference of the Policy and Resources Committee including:

- To be responsible for the overall strategic direction of the Council including Corporate Procurement (including agreement of the Procurement Forward Plan and agreeing exceptions to CPRs)

5.4.2 The Council's Constitution (Contract Procedure Rules) sets out the authorisation process for entering contractual commitments. Appropriate approval is required before quotations or tenders for supplies, services or works may be sought in accordance with Appendix 1 Table A.

5.4.3 The overall value of the services proposed exceeds the Public Contract Regulations 2015 threshold and so the contract will be subject to the full EU tendering rules.

5.4.4 Where the Transfer of Undertakings (Protection of Employment) Regulations

(TUPE) apply in the circumstances identified in paragraph 5.2.2 above, the contract with the new provider will therefore include appropriate obligations in respect of the provider's responsibilities under TUPE. The council will fulfil its duty to facilitate and oversee the supply of relevant information during the procurement process and following contract award.

5.5 Risk Management

- There is a risk that delays to the implementation of this decision could impact on delivering the benefits set out in Section 2
- Legal, Procurement and HR advice has been sought to minimise risk related to the procurement of this contract.

5.6 Equalities and Diversity

5.6.1. Barnet is proud of the rich diversity of our residents and a key communications objective is to ensure that this is reflected in the work provided by our design and creative service partner. The ability to celebrate borough diversity and to reflect our staff and residents in positive, inclusive, non-stereotypical and aspirational images will be included in the procurement exercise.

5.6.2. As part of contemplating the impact these proposed changes will have upon the staff in scope we evaluated the practicality of completing an Equality Impact Assessment to review the impact upon the workforce. As the proposed changes impact upon one casual worker the view was taken that it was not appropriate to compare the equality information of this individual against the wider workforce as doing so had the potential to identify sensitive personal information relating to this employee in a public document, and furthermore the fact that only one individual was involved made meaningful equality impact assessments impossible. We will however ensure that the individual receives appropriate support during this process, and if any additional considerations need to be put in place to support them during this process, we will seek to facilitate this.

5.7 Consultation and Engagement

5.7.1 Informal engagement with affected staff has taken place. The staff in the wider communications service have also been briefed. A formal TUPE consultation process of 15 days will take place with the one affected member of staff once the winning bidder has been chosen and a mobilisation plan has been put in place.

5.8 Insight

5.8.1 Not applicable for this procurement contract.

6. BACKGROUND PAPERS

6.1 N/A