

Commissioning and Procurement Executive Committee – 12 December 2023

Subject:	Retendering of the offsite storage service		
Corporate Director/ Director:	Ross Brown - Finance and Resources Malcolm Townroe - Legal and Governance Services		
Portfolio Holder:	Councillor Audra Wynter – Finance and HR		
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Other colleagues who have provided input:	David Marshall - Senior Finance Business Partner, Finance Louise Dobson - Lead Procurement Officer, Products Richard Bines - Solicitor, Contracts and Commercial Paul J Burrows - IT Change, Projects & Strategy Manager Naomi Matthews - Data Protection Officer/Information Compliance Team Leader/Senior Solicitor		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision		<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
Significant impact on communities living or working in two or more wards in the City		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Type of expenditure: <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital			
Total value of the decision: up to £800,000			
Wards affected: All			
Date of consultation with Portfolio Holder: TBC			
Relevant Council Plan Key Outcome: Green, Clean and Connected Communities <input type="checkbox"/> Keeping Nottingham Working <input type="checkbox"/> Carbon Neutral by 2028 <input checked="" type="checkbox"/> Safer Nottingham <input type="checkbox"/> Child-Friendly Nottingham <input type="checkbox"/> Living Well in our Communities <input type="checkbox"/> Keeping Nottingham Moving <input type="checkbox"/> Improve the City Centre <input type="checkbox"/> Better Housing <input type="checkbox"/> Serving People Well <input checked="" type="checkbox"/>			
Summary of issues (including benefits to citizens/service users): Since 2010 the offsite document storage service has been provided by Box-it North Midlands (herein referred to as “Box-it”), who are based in Uttoxeter. They are a franchise operated by R P Storage Ltd (company number 05338185). NCC have been out of contract with Box-it for a significant period of time, and so a retendering process now needs to take place for the storage of NCC’s paper documentation. The current contract terms with Box-it are to store documents, with a select number of boxes having to be stored in archival (or specialist) storage conditions. They offer a delivery and collection service twice a week to NCC sites and provide a service for confidential destruction of paperwork when requested. They also provide materials, such as file storage boxes and security tags.			

This retendering process provides the opportunity for NCC to futureproof its archived paper data. Approval is sought to re-tender for the provision of an off-site data storage service for approximately 22,739 boxes owned by NCC with significant additional modifications over and above the existing service provision. The process will be to procure a hybrid document management solution using a competitive procedure with negotiation.

The proposal is to move to a hybrid model of service that offers:

- a physical paper archive solution
- a scan on demand service
- a significantly reduced box delivery and collection service
- a bulk scanning option with file preparation
- an improved box tracking audit system
- an electronic document management storage solution.

Exempt information: None.

Recommendations:

1. To seek approval via the spend control process put in place by Nottingham City Council's Chief Finance Officer to spend up to £800,000 on the procurement of a hybrid total document management solution (as detailed in paragraph 3.1 below) noting that the procurement will only proceed once the above approval has been given.
2. To procure a hybrid (as detailed in paragraph 3.1 below) total document management solution service provider using a competitive procedure with negotiation.
3. To delegate authority to the Head of Legal Services to approve the outcome of the competition procedure with negotiation and award and enter into a 5-year contract with option to extend for a further 3-years and then a further 2-year contract with the successful provider, subject to satisfactory contractual performance.
4. To note each Corporate Directorate's Service Delivery Area has responsibility for:
 - document digitisation suitability;
 - document record management (including document retention period policy compliance);
 - UK GDPR and Data Protection Act 2018 compliance;
 - ensuring sufficient resource and budget allocation to ensure UK GDPR and Data Protection Act 2018 compliance.
5. To note the intention to de-centralise the budget for the document management solution and devolve this to each Corporate Directorate's Service Delivery Area

1. Reasons for recommendations

- 1.1 NCC currently stores 22,739 boxes at Box-it's offsite storage facility. 2,359 of these boxes require storage in higher cost archival conditions, due to the age of these documents, and the need for them to be kept in their physical format in perpetuity.
- 1.2 The contract has expired, and therefore approval is sought to retender the operation with modifications to the original 2010 specification.

- 1.3 The annual cost of the current contract primarily only covers the cost for storage, delivery/collection of boxes, and any new box materials. The Box-it service has included the delivery of around 1,500 boxes to various NCC sites per year. The current process is to return the boxes to the offsite facility once the contents are viewed. As a matter of convenience, standard practice, and cultural habit, sending files to Box-it has been the default option for most service areas for many years.
- 1.4 In line with changing approaches to the management of paper records by organisations across the public sector, Information Compliance recommends that NCC moves away from purely archiving records to one where records are futureproofed and digitised. NCC have a legal requirement to physically maintain some records in hard copy, usually in perpetuity. The need to retender provides an opportunity for NCC to adopt a new approach to the way the organisation manages paper records. The preferred option would be to consider a hybrid model, storing paper files where legally required to do so, and then digitising paper records when requested to view by colleagues, as well as those with the longer retention dates where it would be cheaper to scan and destroy rather than storing physically. This option will help to support the organisation's future aims.
- 1.5 In a recent Financial Controls Assessment carried out by Ernst & Young, the auditors identified several serious concerns including a weak control environment, ineffective systems, and a culture which is not focused upon compliance. It was found that there were issues around the inability to find documents and document retention. Although this audit related to financial records, it is evident through work conducted by Information Compliance that these issues are likely to be reflective across all areas in the authority in relation to the data that they hold.
- 1.6 The transformation of the offsite storage service will help underpin the corporate planning theme referred to in the Information Assurance Board Report (18 May 2023). By rethinking how NCC manages and futureproof its information assets, and by taking a longer-term view of records management, NCC can deliver best value outcomes for Nottingham.
- 1.7 It is envisioned that the process of digitising records will become a longer-term project, with little to no cost savings initially. But with the reduction of paper records stored, and the move to store files digitally, the costs will reduce over the longer-term period of the contract, for which the savings can then be built into larger bulk scanning projects if required.
- 1.8 Information Compliance believe that, where possible, a programme of digitising records would be beneficial to NCC for the following reasons:
 - Service areas could quickly access information which would reduce delays caused when waiting for boxes to be delivered, improving efficiency within teams, and delivering a better service to our citizens.
 - It is evident through the procurement frameworks related to document management that it is more cost effective to adopt a hybrid model of storage and scanning.
 - It will improve the efficiency of those colleagues classed as hybrid workers to access records from wherever they are working.
 - There will be a reduction in risk of records degrading over time or from records being mislaid or lost.
 - There is the future potential to transfer existing digitised documents from decommissioned systems currently used by NCC onto a new EDMS creating one centralised system to store documents.

- Improved protection of data through IT mechanisms, through providing a better inventory of records than what NCC has at the current time, using metadata to categorise the sensitivity of the information contained, and adding in automatic retention periods.
- A reduction in storage costs will be made over the timeframe of the contract, although a certain number of records would still need to be retained in hard copy as defined through legislation (such as deeds, births, deaths, and marriage registers) – these could still be digitised for ease of access and to support the reduction of deliveries.
- The proposal will help support NCC's Carbon Neutral aims by requesting less physical box deliveries, a reduction in documentation being printed, reducing the need large amounts of physical storage, and therefore decreasing utility usage (such as electricity).

2. **Background (including outcomes of consultation)**

- 2.1 NCC has a number of statutory requirements around the management of personal data of its citizens and staff; of particular relevance are storage limitation (not keeping data for longer than is necessary) and ensuring that data is stored safely and securely and protected from accidental loss, destruction or damage. Failure to observe these and other key requirements of the UK General Data Protection Regulation (UK GDPR) and Data Protection Act 2018 could potentially constitute a breach of the legislation and could therefore result in significant reputational and/or financial damage to the Council (a fine of up to £17.5m or up to 4% of turnover).
- 2.2 Since 2010 the offsite storage service has been provided by Box-it. When NCC centralised to Loxley House, colleagues were encouraged to use the service to store all physical documents. Unfortunately, many boxes were not accurately catalogued, and many were assigned inaccurate retention periods with named box owners who have now either moved to new roles or have left the organisation. When required, boxes are ordered via an in-house developed database and delivered or collected by Box-it twice weekly to various council locations.
- 2.3 Information Compliance inherited the management of the legacy service in 2018 and have since attempted to bring both the service in line with the UK GDPR storage limitation principle and save NCC additional cost of storing boxes unnecessarily, by ensuring that boxes are either retained as per legislative or business requirements or destroyed if past their retention period.
- 2.4 The current annual cost of the contract primarily only covers the storage, delivery, and collection of boxes, as well as box materials.
- 2.5 The quality of the inventory information for each box varies between department, but the vast majority is poor. Often the information held relates to the overall box contents and not the files within, resulting in a whole box being delivered when only a file is required. In many instances, colleagues cannot be sure that the information still exists within that box, which wastes additional staff time searching for the relevant information needed.
- 2.6 Within the original 2010 contract, an external software system was not commissioned to connect with the external supplier's box ordering software. Currently, boxes are ordered via an in-house developed database which is no longer fit for purpose as information cannot be easily changed, and still reflects the 2010 organisational structure. Significant financial investment is required to re-code the database to ensure that it is accurate and can be used more effectively for auditing and reporting

purposes. Having one system, used by Information Compliance, NCC staff and the storage provider will alleviate current issues and will present an accurate auditable picture of the physical records held in storage.

- 2.7 Box-it currently charge around £150 for each box to be scanned and digitised and supply the documentation on a USB, which is not a secure method for transferring or supplying data. Box-it are not equipped to bulk scan documentation as they are primarily a physical document storage provider. There is also significant risk to NCC of information being misplaced as scanned images are not recorded onto any relevant searchable document management system. There is currently no central document management system. This has resulted in scanned documents being stored on shared drives - for example, the limited capacity of storing documents within LiquidLogic means that scanned social care files for citizens cannot be stored in one central place. The high cost of scanning is also currently prohibitive to teams who wish to use this service to digitise their physical documentation.
- 2.8 Information Compliance have been in contact with various local authorities across the UK to see how they undertake digitisation. The benefits of a paperless environment include: searchability (easier and faster finding of documents); accessibility (easier access particularly with hybrid working); productivity (spend less time recalling boxes and sifting through files); preservation (protecting documents and files from deteriorating); reduction in storage costs and improved UK GDPR compliance and a focus on improved disaster recovery.
- 2.9 As part of the procurement process, Information Compliance and Procurement colleagues have had meetings and demonstrations with four companies to understand what the industry can offer. The four suppliers spoken to were chosen for their digitisation offer, their location to Nottingham and the costings of their services. Information Compliance and Procurement colleagues have undertaken site visits to two suppliers to view their storage and scanning facilities. Through these visits, it has become evident that many public organisations are moving away from physical storage to digitising documents and suppliers have offered their expertise and experience of managing similar projects with these governing bodies.

3. **Other options considered in making recommendations**

- 3.1 Information Compliance have approached the current supplier and a number of other suppliers for their costings of storage, delivery, and destruction of physical boxes, as well as the scanning and storage of digitised records, with the provision for the use of their own box and document management system. Suppliers have provided the costings in order for the calculation of the projected costings for this report. However, Box-it have not provided new costings for scanning. The new costs include the payment of the uplift and perm-out fee charged by Box-it within the box storage cost projections. There will be further work undertaken with service areas and Information Compliance to understand if the amount of current archival storage is necessary, which may bring the costs down further.

Option 1 – Storage only approach (i.e. storage, delivery, destruction of physical paperwork, use of supplier's box tracking platform)

This option would be the same approach taken by NCC that it has done for the past 13 years, therefore remaining as the "status quo", which is currently unsustainable and not good value for money. Deliveries would still take place to various NCC sites twice a week for colleagues, with the option for the supplier to destroy boxes on NCC's behalf. The only change would be the use of a supplier's box tracking platform

to reduce the current risk with the internally built-in house database. This would not support more agile working, will not achieve efficiencies in terms of staff time and resources, not assist with required digitisation projects as well as not supporting NCC's CN28 aims.

	Current supplier costs (per annum)	Estimated current supplier - new costs (per annum)	Estimated new supplier costs (per annum)
Storage – normal (20,380 boxes)	£56,248.80	£64,400.80	£41,371.40
Storage – archival (2,359 boxes)	£17,126.34	£17,126.34	£46,800.00
Retrieval (1,500 boxes)	Included	Included	£1,500.00
Delivery/Collection (450 boxes)	Included	Included	£2,376.00
Destruction (1,500 boxes)	£2,400.00	£3,360.00	£1,500.00
Box tracking software	N/A	Not available	Included
Total	£75,775.14	£84,887.14	£93,547.40

Option 2 – Digitisation approach (i.e., digitise everything and only store the records that need to be retained in their physical format, destruction of boxes, use of the supplier's document management system and box tracking system)

This approach will not be suitable or affordable given the staff resource and financial constraints that NCC is currently facing. There is no one size fits all approach to digitisation, and so this 'big bang' approach would not be suitable across the varying teams within the organisation.

	Current supplier costs (per annum)	Estimated current supplier - new costs (per annum)	Estimated new supplier costs (per annum)
Storage – normal (20,380 boxes)	£56,248.80	£64,400.80	£41,371.40
Storage – archival (2,359 boxes)	£17,126.34	£17,126.34	£46,800.00
Retrieval (1,500 boxes)	Included	Included	£1,500.00
Delivery/Collection (450 boxes)	Included	Included	£2,376.00
Destruction (1,500 boxes)	£2,400.00	£3,360.00	£1,500.00
Box tracking software	N/A	Not available	Included
Document Management System (25 users)	N/A	Not available	£12,000.00
Scanning (approx. 48,585,920 total images, 4,858,592 images per year over 10 years)	£291,515.52	Not quoted (c.£291,515.52)	£242,929.60
Total	£367,290.66	£376,402.66	£348,477.00

Option 3 – Hybrid approach (i.e. a scan on demand service to reduce deliveries and stored paperwork, supplier's document management system and box tracking system, storage of boxes where required and when not cost effective to scan)

This would be the desired option for this new tender and from conversations with suppliers, would be the best approach to digitising records. Scans can have a level of service dictated to the supplier which could ensure documents can be delivered electronically to colleagues within 24 hours, and then after a set time, the physical

paperwork can then be destroyed - reducing physical storage costs. With this reduction of costs over time, it will release funds in the budget to tackle bulk scanning projects, such as citizen records.

	Current supplier costs (per annum)	Estimated current supplier – new costs (per annum)	Estimated new supplier costs (per annum)
Storage - normal (20,380 boxes)	£56,248.80	£64,400.80	£41,371.40
Storage – archival (2,359 boxes)	£17,126.34	£17,126.34	£46,800.00
Retrieval (1,500 boxes)	Included	Included	£1,500.00
Delivery/Collection (450 boxes)	Included	Included	£2,376.00
Destruction (1,500 boxes)	£2,400.00	£3,360.00	£1,500.00
Box tracking software	N/A	Not available	Included
Document Management System (25 users)	N/A	Not available	£12,000.00
Scanning (252,000 images / 105 boxes per year)	£15,120.00	Not quoted (c.£15,120.00)	£12,348.00
Total	£90,895.14	£100,007.14	£117,895.40

3.2 Options 2 and 3 will require input from across the organisation, with the assistance of staff within Information Compliance. There will need to be extensive thought and planning within each team to create specified file definitions and categorisations so that electronic scanned files can be indexed and utilised effectively by those staff members who need them to undertake their day-to-day work.

3.3 It is envisaged that changes to the provision will enable internal variations to be made on how the system is managed. At the present time, the budget is centralised, maintained by the Information Compliance team. This means that there is no incentive for services to maintain and manage their physical records. By moving towards a more service-based approach, service areas will be responsible for paying to store their own records, paying for box deliveries and destructions. This will help to prevent unnecessary spend on retaining boxes past their retention date and reducing or removing deliveries to sites when the scan on demand service will suffice, allowing for service areas to be involved in the management of their own records with guidance on the relevant statutory requirements from Information Compliance when required.

3.4 Options will also require consultation with the services that request delivery of boxes and FM Services regarding the impact of changes to the type of offsite storage service that is delivered.

4. **Consideration of Risk**

4.1 There is a risk that the organisation is currently not complying with the principles of the UK GDPR. It is evident that at the current time, NCC does not have oversight of all the personal and sensitive data that is held, for what purpose, for the period it must be retained and where it is stored. This could result in a costly data breach, or a failure to disclose information when requested, and consequently, NCC could incur a significant fine by the Information Commissioner's Office. The mitigating actions through this new tender process will be to futureproof NCC's records by digitising them and ensuring that they are searchable and easily accessible.

- 4.2 There is a financial risk to consider. There is a current budget of £70,675 per annum to cover storage, delivery, collection, and materials. However, it is not known what the full costs of storage or digitising records will be until the tender and procurement process is undertaken, and the quotes returned by suppliers may be higher than the £800,000 agreed. Through projections, it has been calculated that there will be no budgetary savings during the short term. However, savings will be made with the reduction of boxes in physical storage, reducing the amount paid in this area over the course of the contract and into the future. The process will also enable those boxes in archival conditions to be reviewed to see if they need to remain in this high-cost storage going forwards. It is estimated that the breakeven point (where NCC only stores the paper records where it is legally required) and have scanned everything else, is around 25 years.
- 4.3 Physical records can deteriorate over time and to digitise them will help to preserve their integrity, especially if there is a duty for them to be kept in perpetuity. Digitisation will help to prevent physical records from being mismanaged, and therefore being at risk of loss. However, there must be thought given to how the digital matter will be stored due to the relatively new nature of digitised records. Currently there is not enough research or precedent to ensure that this is a long-term solution due to significant and ever evolving technological changes.
- 4.4 Another risk is that paper-based records are more susceptible to potential disasters such as fire, floods, or theft. A mitigating action would be disaster recovery, for which any documents stored in an electronic document management system (EDMS) would be easier to recover than physical records in the event of a disaster.
- 4.5 There is a risk to the storage and management of the files once they have been digitised and the physical paperwork has been destroyed. If the digital files are not stored, named and metadata assigned correctly on a preferred system, data will be lost and cannot be searched for effectively. Data can also remain on these storage solutions and could be retained for longer than the documents defined retention date leading to the contravention of the 'storage limitation' principle under article 5(1)(e) of the UK General Data Protection Regulation (GDPR). However, through using a new supplier, they will be able to index and file documents correctly, which will mitigate this risk, and help with NCC staff resources.
- 4.6 NCC currently uses an internal database that is based on a corporate structure relating to 2010. The database is not fit for purpose for a number of reasons; it does not allow reporting on box contents, changes to structure details, or the use of generic team emails instead of a single user, and cannot be improved without significant financial investment. The move to a new supplier will mean that NCC can procure this system from them, and the inventory data will be futureproofed.
- 4.7 The new service will not be successful without significant engagement from all service areas with the support of colleagues in Information Compliance. There will be a move away from the centralised budget with Information Compliance towards a service area-based approach, incentivising them to take responsibility to manage their own records. Service areas will be required to be accountable for ensuring the supplier is aware of how the records should be appropriately named and filed electronically, which will in turn allow for readily accessible and retrievable information.
- 4.8 The current Box-it contract has a £95,312.60 exit fee. This consists of a Termination Fee (3 months storage totalling c£18,000), an uplift fee of £1 per box (£22,739); and a perm out fee of £2.40 per box (£54,573.60). After speaking with

suppliers across the sector, there is the ability for the uplift and perm out fees to be integrated into the storage costs with repayment incorporated into the storage prices to be quoted. In either case, NCC will have to pay for at least the termination fee, and in the worst-case scenario, also the remaining perm-out and uplift fees if the contract was awarded to a new supplier and the costs could not be incorporated into contract prices.

5. Best Value Considerations

5.1 Thought has been given to best value and a regard to a combination of efficiency, economy and effectiveness is demonstrated below.

5.1.1 Given the requirement for the Council to reduce its spending, rethinking the way that money is spent on physically maintaining information assets is prudent. Now is the time to transform how NCC manages the service and reduce the spend year on year, when action can be taken now that looks to futureproof records, where possible, via digitisation.

5.1.2 The preferred option to digitise most records will contribute to the way that the service is run by using digital resources effectively. This approach will ensure that resources are not wasted in terms of staff time ordering a box, waiting for its delivery using porters to deliver the boxes, physically printing documents or scanning copies and wasting paper and photocopier ink. It will also contribute to the reduction of duplicate copies of documents in multiple locations. This will significantly speed up vast amounts of processes across the Council where citizen data needs to be recalled, reducing staff time taken up on the administrative burden around physical records which will allow them to serve citizens more efficiently.

5.1.3 The new approach will result in improved effectiveness. Once documents have been scanned and filed appropriately in electronic storage (most likely in an EDMS), colleagues will be able to quickly locate and access the right documents at the right time resulting in an improved service to our citizens, residents, customers, partners, and stakeholders.

5.1.4 The new option will improve the overall environmental value by reducing the number of deliveries required to deliver and return boxes to and from storage. However, it should be noted that a small number of boxes may still need to be recalled and the physical records viewed (such as property deeds or registration certificates).

5.2 The contract length for the offsite storage document provision will be initially set at 5 years with the option to extend the contract for a further 3 years and then a further 2, subject to satisfactory contractual performance with the successful provider. The reasoning for the contract length is that the process of digitisation is new to NCC, and the initial 5-year period will help to put in place the necessary mechanisms to ensure the digitisation project is successful and to provide enough time to make a satisfactory analysis. Many of the boxes being stored have longer term retention periods (over 35 years) and so it would not be financially beneficial for NCC to change suppliers on a regular basis. The contract length will also provide the opportunity for NCC to spread the cost of the exit fees over a longer term, helping with NCC financial resources.

- 5.3 For the reasons above it has been decided that BIY (buy it yourself) model will be adopted, working in partnership with procurement to go out to the market to get the best value service available.

6. Finance colleague comments (including implications and value for money/VAT)

- 6.1 The Finance department supports in principle the need to future proof remote storage and archiving of data in a more modern and useable way. Of the three options, Option 3 appears to be the preferred choice for moving this forward and a tendering exercise would be the best way to achieve this. Option 1 is no longer viable, and Option 2 would be too costly and also unnecessary.

Choosing Option 3 will enable the Council to become compliant with current GDPR legislation whilst also addressing concerns raised by external auditors, Ernst Young. It is also worth noting that Box-it have indicated that a price increase would be applicable from April 2024, raising the current cost to £84,887.14 (Option 1) and also their price for the more compliant Option 3 to £100,007.14.

There is the added risk of an exit fee of circa £18,000 to end the Box-it contract, which would be a one-off additional charge to the Council. There are also additional variable exit-fees of £77,313 chargeable by Box-it (see paragraph 4.8 above).

The alternative supplier canvassed for this report has indicated a willingness to pick up the £77,313 and recharge back to the Council as part of their quoted price of £117,895.40pa for Option 3. However, this £77,313 fee will become a tangible risk directly for the Council should a different supplier be chosen that is unwilling to enter a similar arrangement. This requires careful consideration when the tender submissions received are evaluated.

The annual budget is currently £70,675, which will be substantially exceeded in the case of all three options considered here. A contribution from reserves would be required in the first year of a new contract to meet the known £18,000 exit fee specified by Box-it, plus the possible additional £77,313 exit fees (subject to above) and the likely increase in future annual costs from April 2024.

David Marshall, Senior Finance Business Partner, Finance – 28 November 2023

7. Legal colleague comments

- 7.1 Failure to observe the UK General Data Protection Regulation 2016 and Data Protection Act 2018 could potentially constitute a breach of the legislation and could therefore result in significant reputational and/or financial damage to the Council.

The 'storage limitation' principle under article 5(1)(e) of the UK General Data Protection Regulation (GDPR) places an obligation on Nottingham City Council to retain personal data only for as long as is necessary for the purposes in which it is processed. The retention periods set in relation to the personal data reflect the period in which the continued retention or processing is necessary.

Nottingham City Council are also obliged to comply with the 'security' principle under 5(1)(f) of the UK GDPR. As the data controller, for as long as the personal data is being retained, Nottingham City Council remains responsible for the security of the documents being stored at an off-site storage provider. Through the tender process, the supplier will have to demonstrate their compliance with the relevant standards in

order to provide assurances to the Council that the storage of documents comply with this principle.

Retaining personal data for longer than is necessary, and not securing the data in storage appropriately, places Nottingham City Council in a position where it may be operating in contravention to these principles and at risk of non-compliance with data protection legislation.

Nottingham City Council are also obligated to account for, document and demonstrate compliance with these principles to the Information Commissioner's Office (ICO).

Naomi Matthews, Data Protection Officer for the Council, Information Compliance Team Leader, Senior Solicitor - 5 July 2023.

7.2 The decision concerns the procurement of a hybrid document management solution by a service provider capable of providing a bespoke range of data management solutions.

It is understood the option to utilise the ESPO Framework 390_22 – Document Management Solutions- lot 3 has been discounted, in an effort to increase the social value in the procurement by opening up the possibility of more local suppliers to bid who did not appear on the list of successful providers on the framework. This will also allow for new document handling technologies offered by local suppliers to be considered in the tender process. The option to utilise the Competitive Procedure with Negotiation pursuant to regulation 29 of the Public Contract Regulations 2015 (PCR's) will offer a route to market that is also compliant with the Council's own Contract Procedure Rules for the award of a service contract above the relevant PCR's procurement threshold, whilst ensuring bespoke and complex service needs are met by suppliers. The Council must however ensure it sets sufficiently robust initial tender criteria (so as not to distort competition and favours some suppliers over others) and award criteria (which cannot be negotiated), as the basis for subsequent negotiations to improve the tender content, save for the final tender.

Suppliers should be assessed during the procurement process for their financial stability, track record, experience and technical & professional ability and vetted for compliance with a range of accreditations including but not limited to ISO 9001 and ISO 27001. Additional social value benefits may be obtained if the successful suppliers in the process transpire to be local, which may also help the Council to comply with its best value duty in this context.

PCR reg 18 sets out the principles that underpin and flow through procurement regulations and processes generally. It requires that contracting authorities treat economic operators equally and without discrimination and act in a transparent and proportionate manner. Competition must not be artificially narrowed.

Whilst the proposed contractual arrangement to award a contract for a period of up to 10 years would potentially be perceived to exclude other economic operators for a considerable period, and increase the risk of challenge, the length of the contract must be appropriate to the purchases in question and should reflect value for money considerations. A contract awarded on an initial 5-year basis, given the subject matter of the contract and the organisational investment financially and in process terms, with the option to extend for periods of a further 3 and 2 years (subject to satisfactory contractual performance, effective and timely contract management and appropriate contractual routes for early exit if deemed appropriate) would mitigate the

risks of challenge in his respect. The awarded contract would be extendable subject to regulation 72 PCR 2015 without a further procurement where the extensions provided for in the initial procurement documents are clear, precise and have unequivocal review clauses and where the scope, nature and conditions of the change are stated, subject to them not alerting the overall nature of the contract. This should be achieved against the background of robust contract management and clear key performance indicators set out within the contract, supported by relevant termination provisions.

With a contract of such a long possible duration, any contract should provide clear and robust exit terms and have early and effective obligations in relation to possible transition in order to facilitate an adequate transition to a future provider at the conclusion of the contract.

Richard Bines, Solicitor, Contracts and Commercial Team – 27 November 2023

8. Procurement colleague comments

- 8.1 Procurement have been working with the Records Management Team to assess the market and understand what is available to the organisation going forward, bearing in mind best value – economy, effectiveness and efficiency. An option has been recommended based on research into the market and best value offering a service that will meet future requirements but keeping within budget constraints where possible

Procurement will work with the client team to undertake a compliant procurement process and the recommended route to market is via Competitive Procedure with Negotiation as this will address the complexities of the services required and the contract.

We have discounted the use of the ESPO and CCS Document Management Frameworks due to wanting to encourage local suppliers to bid on the contract, and also achieve maximum social value where we can apply the 1% levy to the contract.

I have recommended a longer-term contract covering 5-years with the option to extend for a further two periods of 3 plus 2-years due to the investment into a new document management system and the time required to see the return on investment.

Louise Dobson, Lead Procurement Officer, Products - 28 November 2023

9. IT Service comments

- 9.1 The IT Service supports the recommendations made in this report and will support their implementation on its usual project basis, including commissioning external IT services should this be required. The IT Service will also assist with technical assurance to ensure cyber risk is minimised.

The proposal offers the opportunity to consolidate not only physical documents to a new EDMS but also a route for consolidating existing disparate EDMS solutions to a common base, for example the 'Castle' system. This is welcomed as reducing the number of application systems in use by the Council is a strategic objective which is expected to reduce overall costs.

Paul J Burrows, IT Change, Projects & Strategy Manager - 10 November 2023

10. Crime and Disorder Implications (If Applicable)

10.1 Not applicable.

11. Social value considerations (If Applicable)

11.1 Through the digitisation of paper records, it is envisaged that there will be an increase in staff productivity, as time searching for physical records, getting the box delivered and scanning the contents will be eliminated. This will ensure that colleagues will be able to quickly locate and access the right documents at the right time resulting in an improved service to citizens, residents, customers, partners, and stakeholders.

11.2 If a scan on demand service is procured, there will be a reduction in twice weekly deliveries to various sites across Nottingham City. Therefore, it will help support NCC's Carbon Neutral aims by requesting less deliveries, a reduction in physical documentation being produced, reducing the need for large amounts of physical storage, which in turn decreased utility usage (such as electricity and water).

11.3 Digitising records will also make them more accessible to staff and citizens. Through undertaking an Equalities Impact Assessment (EIA), it has shown that digital records can be more accessible as they can be used with specialist software and can be made available much quicker than at the current time.

12. Regard to the NHS Constitution (If Applicable)

12.1 Not applicable.

13. Equality Impact Assessment (EIA)

13.1 Attached as appendix 3, and due regard will be given to any implications identified in it.

14. Data Protection Impact Assessment (DPIA)

14.1 Attached as appendix 1, and due regard will be given to any implications identified in it.

15. Carbon Impact Assessment (CIA)

15.1 Attached as appendix 2, and due regard will be given to any implications identified in it.

16. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

16.1 None.

17. Published documents referred to in this report

17.1 None.