



**REPORTS FOR DECISION BY THE
CABINET MEMBER FOR CORPORATE SERVICES**

Date Issued: **22 October 2009**

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K = Key Decision

A Record of Decision will be issued following the conclusion of 5 clear working days from the date of issue of the Report

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MAIDSTONE BOROUGH COUNCIL

CABINET MEMBER FOR CORPORATE SERVICES

REPORT OF HEAD OF BUSINESS IMPROVEMENT

Report prepared by: Christopher Finch

Date Issued: 22 October 2009

1. 34a High Street – Youth Cafe

1.1 Issue for Decision

1.1.1 That the previous decision of 21st December 2007 is revised to amend the approval process for the lease to be granted by the Council to the Switch Youth Café.

1.2 Recommendation of Head of Business Improvement

1.2.1 That the Head of Legal Services be delegated to prepare and complete the lease between the Council and Switch Youth Café (a Registered Charity: Number 1127568), without the requirement to submit a copy of the lease for prior approval by the Cabinet Member.

1.3 Reasons for Recommendation

1.3.1 In December 2007 a Decision was made that, prior to completing the lease for the Youth Café, a final draft should be submitted to the Cabinet Member for final approval; and

1.3.2 In July 2009 a subsequent Decision permitted the Switch Youth Café rights to sub-let the upper parts of the building to commercial organizations and that the notice required to break was extended from three to six months; and

1.3.3 On the basis that these matters have been included within the Lease, it is no longer necessary for a copy of the lease to be presented formally to the Cabinet Member.

1.4 Alternative Action and why not Recommended

1.4.1 The Decision of 21st December 2007 was given in anticipation that the Switch Youth Café would become operational shortly thereafter. Due, mainly to funding and contractual difficulties, the lease has only now been prepared. To request further scrutiny of a document which has

been agreed in principle between the parties would further increase the time before which the Youth Café would be able to become operational.

1.5 Risk Management

1.5.1 There are no tangible risks associated with this report

1.6 Other Implications

1.6.1

- 1. Financial
- 2. Staffing
- 3. Legal
- 4. Equality Impact Needs Assessment
- 5. Environmental/Sustainable Development
- 6. Community Safety
- 7. Human Rights Act
- 8. Procurement
- 9. Asset Management

1.7 Background Documents

1.7.1 None

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes No

Is this an Urgent Key Decision? Yes No

How to Comment

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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Agenda Item 2

MAIDSTONE BOROUGH COUNCIL

CABINET MEMBER FOR CORPORATE SERVICES

REPORT OF HEAD OF BUSINESS IMPROVEMENT & HEAD OF COMMUNICATIONS

Report prepared by Alasdair Robertson and Roger Adley

Date issued: 22 October 2009

1. MKIP Business Transformation Programme – Review of Volume and Bespoke Printing

1.1 Issue for Decision

1.1.1 To agree the recommendations of the MKIP Business Transformation review of volume and bespoke printing.

1.2 Recommendation of the Head of Business Improvement and the Head of Communications

1.2.1 That the Head of Legal Services be given delegated authority to enter into a contract for the supply of externally printed materials on the most favourable terms achievable.

1.2.2 To agree to the introduction of shared provision for graphic design support, subject to the formal agreement of the other MKIP partner (in this case Tunbridge Wells).

1.2.3 To endorse the approach outlined below to reduce the volume of printed material being produced.

1.2.4 To agree that all spend for printing and/or graphics be authorized by the Head of Communications.

1.2.5 That should the review of internal print room facilities across MKIP demonstrate that efficiencies are achievable by consolidating the number of facilities without risk to the delivery of the service, that the Director of Resources and Partnerships be granted delegated authority to progress such an approach.

1.3 Reasons for Recommendation

- 1.3.1 The review of volume and bespoke printing has identified considerable scope for efficiencies within the current service provision. Savings for MBC in excess of £307,000 over five years have been identified (£880,000 across the whole of MKIP)¹. Net annual savings to MBC are £74,000 (31% saving on the costs at the time the review was conducted).
- 1.3.2 In addition, a number of added benefits are anticipated to result such as better service quality, improved customer satisfaction levels and greater resilience. There are also potential gains to any local businesses that are able to prove competitive through opportunities for new markets. The rationale for each recommendation follows below:

Entering into a contract for supply of externally printed materials

- 1.3.3 The options outlined in the attached report show that the most advantageous option for external printing (e.g. leaflets, promotional materials etc) is to procure externally and to award the contract to AccessPlus. This contract would be fully compliant with all relevant procurement legislation and local requirements. To secure the maximum benefit, it is advantageous for as many authorities to join as possible to the same contract. A minimum of three required to obtain the full benefits, but with fewer participants viability is still maintained. This will result in a considerable reduction on the current spend on external print as outlined in the attached report, without compromising any of the MKIP authorities' needs in relation to quality or service delivery.
- 1.3.4 The nature of the arrangements are that AccessPlus act as a 'broker' and ensures value for money on a case by case basis. This allows for competition to be secured for each item of printed material required and decisions can be made based on cost or other factors, including environmental considerations. Savings are achieved through reductions in supplier costs purchasing on longer term contracts. Authorities will still be able to set parameters when going out for quotations, for example to limit quotes to local companies but clearly there could be value for money or timescale implications if the search criteria are very narrow.
- 1.3.5 There are also advantages to local suppliers in that, the arrangements avoid the need to undertake a full European wide tender competition

¹Actual savings identified were £437k over 5 years for Maidstone; however £26k has been taken since the analysis was completed.

which, in principle could result in awarding the contract to a firm anywhere within the EU. In addition, MBC are able to request that existing local suppliers are included in the supplier panel. As such they will be also able to bid for new markets and gain greater exposure. There are no alternative ways to allow local suppliers to compete for council business that are compliant with public procurement regulations.

- 1.3.6 A further advantage of the use of AccessPlus is access to their control systems which will improve both the ordering process and the management coordination and information available. This alone will provide significant advantages in the ability to manage spend and the consistency of presentation of the Maidstone 'brand' and message.
- 1.3.7 In addition in Maidstone Borough Council it will also bring together the purchasing of external print work which is currently arranged throughout the organisation. This should provide greater clarity over the print expenditure and volumes. However, the Head of Communications will not be responsible for the contract, he may advise on ensuring material fits the Council brand but overall accountability will still be with the lead officer.
- 1.3.8 It is therefore recommended that subject to agreement by the other MKIP partners the Head of Legal Services be given delegated authority to enter into a contract with AccessPlus for the supply of externally printed materials on the most favourable terms achievable.
- 1.3.9 Savings for MBC from this arrangement are anticipated to be £200,000 over five years.
- 1.3.10 The aim is to complete this phase of the work by December 2009.

Introduction of shared provision for graphic design support

- 1.3.11 The analysis within the attached report shows that at Maidstone spend on graphic design work is predominantly on external suppliers. In order to test the costs of the private sector, a benchmarking exercise was carried out to identify the cost of external supply in contrast with the cost of internal design staff. Hourly rates for a range of different types of work provided by external suppliers were obtained. The average hourly rate for an external designer was £68 per hour, compared with an average £24 per hour for internal staff.
- 1.3.12 Further analysis based on the average hourly rates showed that across MKIP the most efficient solution would be to increase the internal capacity within MKIP by 1.5 FTE. This resource would be available to all partners (with the exception of Swale Borough Council

who have existing internal capacity and have now confirmed they do not wish to join the arrangements) with costs charged as per other MKIP arrangements. Tunbridge Wells will host and manage the resources.

1.3.13 The 'first call' for graphics design would be through the shared resource. Only when requirements exceed the capabilities of the hubs will external graphics support design be engaged. A residual budget of £10,000 will be retained for this purpose.

1.3.14 Net of the costs of increased resourcing and the allowance for external supply savings will be £225,000 over five years across MKIP. The majority of these savings will be attributable to Maidstone due to the present high external spend and will total £162,000 over five years.

1.3.15 The aim is to complete this work by April 2010.

Approach to reducing the volume of printed material produced including consolidation of budgets

1.3.16 At present, there are varying systems in place across the MKIP authorities for controlling the commissioning of both internal and external print work. In general, approaches are characterised by flexibility and devolved management. This has advantages in terms of responsiveness, however, it can result in minimal coordination of commissioning, budgets or presentation standards and is not an optimal approach for securing value for money.

1.3.17 At Maidstone, the Communications team has overall control of publications and branding. Communications set the style guide for branding and support services in developing marketing campaigns. The team has two officers responsible for this who co-ordinate the design and production of materials through external suppliers.

1.3.18 Although there are controls in place, services are able to commission their own print and design work from approved suppliers without input from the Communications team. As a result there is the risk of off contract spend, the potential for conflicting campaigns, brand dilution and minimal opportunities to 'to track the expenditure through the established contracts.

1.3.19 Researching the detail for the review proved difficult, particularly due to the high volumes of account codes being used. This highlighted a need for clearer accountability, with print and graphics expenditure to be allocated to the correct account codes.

- 1.3.20 It is therefore recommended that the Head of Communications be responsible for overseeing the purchase and production of all print and the commissioning of graphic design work internally and externally which would include the overseeing of Council budgets.
- 1.3.21 It is anticipated that these greater controls and coordination will reduce printing requirements and overall spend. A 10% reduction is assumed which it is estimated will reduce costs by £75,000 over 5 years for Maidstone (£17,700 annually).
- 1.3.22 A separate analysis was carried out of the authorities spend on print to identify any areas of high spend. Understandably, Communications, Council Tax, Revenues & Benefits, and Democratic & Member Services were identifiable as consistent areas of high print spend. However, the review also identified some sections with high spend that are particular to Maidstone. It therefore seems reasonable that cost reductions in these areas are achievable and the relevant service heads should progress these. A number of these savings have already been realised as part of the budget strategy.

Review of internal print room facilities across MKIP

- 1.3.23 All four district authorities within MKIP have internal print rooms, with varying staffing levels and machine capacities. The cost of internal provision is significant, totalling £469,000 annually across MKIP and £103,000 at Maidstone. The provision is largely for bulk, black and white production such as committee papers.
- 1.3.24 The attached report shows how the resources vary across the partnership and how the capacity is utilised.
- 1.3.25 A quick comparison based on the difference in unit costs showed that if items could be produced at the lowest possible unit cost, this would produce a saving of £43,000².
- 1.3.26 The new approach to demand management will go some way towards ensuring a more robust approach to internal production and will ultimately reduce costs considerably. However in the short term it must be noted that the vast majority of costs are fixed and therefore reductions in volume will produce minimal cashable savings. In order for benefits to be realised, equipment contracts would need to be consolidated, terminated or renegotiated and staffing costs reduced.

² This figure is not included in the savings for the review

1.3.27 One option is to consider rationalising the print rooms into some form of shared function. However, it has not been possible at this stage in the review to progress any further with the analysis that will be needed to confirm the viability of this option.

1.3.28 It is therefore recommended that approval be given for the MKIP review team to continue with such assessments into the viability of a shared or consolidated print room function and to complete this work by April 2010.

1.3.29 Should the further analysis demonstrate that efficiencies in excess of £15,000 are achievable without risk to the delivery of the service by consolidating the number of facilities, it is recommended that the Director of Resources and Partnerships be granted delegated authority to progress the approach, including entering into partnership with other MKIP authorities who participate.

1.4 Alternative Action and why not Recommended

1.4.1 The review explored a range of options before any conclusions were drawn and the above recommendations have been identified as the optimal solution. These are explained in full in the accompanying document.

1.4.2 The options were appraised to test viability based on the needs of each authority and of the MKIP partnership as a whole. The recommended solution outlined here was found to perform the most strongly. It is therefore considered that this is the most appropriate option to put forward.

1.4.3 The Council could decide to leave these arrangements as they are currently, However, the improvements will provide greater control, improve the Maidstone branding and deliver improved value for money.

1.5 Impact on Corporate Objectives

1.5.1 The recommendations will contribute positively towards the council's objectives. This will primarily be in the area of value for money; contributing towards the VfM theme in 'STRIVE' and towards 'delivering efficient and effective public services', a key objective of the 2009-12 Strategic Plan.

1.5.2 Printing and graphic design are a cornerstone to the authorities' communications functions, both internally and with residents. A more efficient and robust service will contribute positively towards all authorities' communication needs.

1.5.3 Each of the four authorities is committed to the Mid Kent Improvement Partnership, with the objective of maximising efficiencies and improving services through shared or collaborative working.

1.6 Risk Management

1.6.1 A fully comprehensive risk assessment is provided in the attached report.

1.7 Other Implications

1.7.1

1.	Financial	X
2.	Staffing	X
3.	Legal	
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	X
9.	Asset Management	

1.8 *Financial*

1.8.1 The full table of savings identified in the review is set out below:

<u>Table 1: Savings Identified by Recommendation</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>5 Year Saving</u>
Procured External Spend - Print Management	£22,180	£ 44,360	£ 44,360	£199,620
Reduce Level of Print Spend - Demand Management	£ 4,440	£ 17,740	£ 17,740	£ 75,400
Subtotal: Print & Demand Management	£26,620	£ 62,100	£ 62,100	£275,020
Internalise External graphics	£20,900	£ 83,600	£ 83,600	£355,300
External Graphic design (contingency)	-£ 2,500	-£ 10,000	-£ 10,000	-£ 42,500
Increase Resource Internal graphic teams	-£8,880	-£ 35,520	-£ 35,520	-£ 150,960
Subtotal: Net Internal Graphics Savings	£ 9,520	£ 38,080	£ 38,080	£161,840
Total Savings: Maidstone Borough Council	£36,140	£100,180	£100,180	£436,860
Less: Budget Strategy Savings 2009/10 Taken	£26,000	£26,000	£26,000	£130,000
Net Savings: Maidstone Borough Council	£10,140	£74,180	£74,180	£306,860
Total Savings (All MKIP authorities)	£63,210	£204,180	£204,180	£879,930

1.9 Staffing

- 1.9.1 In most cases the impact of the recommended improvements upon staff will be minimal. The changes to procurement of external print supply and management of demand will involve a degree of change for staff but does not represent a significant adjustment.
- 1.9.2 Similarly, the introduction of a shared graphics arrangement will result in a change in working practices for staff. Additionally, the recruitment of 1.5FTE staff members will be required, although this will not have recruitment implications for Maidstone.
- 1.9.3 The recommendation to consider the viability of consolidating to one or two shared print rooms could hold the greatest implications in relation to staff. Should the current review demonstrate that efficiencies in excess of £15,000 are achievable through a shared service then a reduction in the number of staff may be required and appropriate actions would need to be taken in relation to this.

1.10 Procurement

1.10.1 This report recommends the council enter into a contract, along with the rest of the MKIP partners, for provision of external print. This would be on the most favourable terms agreeable and would result in a four year contract being awarded.

1.11 Background Documents

1.11.1 Final Report, Volume and Bespoke Printing, Version 8

1.11.2 Results of RTQ (exempt)

NO REPORT WILL BE ACCEPTED WITHOUT THIS BOX BEING COMPLETED

Is this a Key Decision? Yes No

If yes, when did it appear in the Forward Plan? August 2009

Is this an Urgent Key Decision? Yes No

Reason for Urgency

N/A

How to Comment

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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Agenda Item 3

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted