

**PILOT PROJECT FOR COLLABORATIVE WORKING ON
PRINT AND ASSOCIATED SERVICES**

Submitted by: Head of Communications

Portfolio: Communications, Policy and Partnerships

Ward(s) affected: All

Purpose of the Report

To outline proposals for closer working relationships with partners on print and associated services in a way which continues to meet the needs of the Borough Council in an efficient and effective manner.

Recommendations

a) Cabinet approves proposals for a pilot project for collaborative working involving print and associated services.

b) Cabinet requests a further report be brought back which gives an overview and evaluation of the first six months' of the pilot project with recommendations for any further action.

Reasons

As pressures continue to grow on local government finances it is vital that councils look at alternative methods of delivering services and securing jobs in the public sector. Working closely with neighbouring councils to share costs and resources while ensuring continued access to required services is something Newcastle-under-Lyme Borough Council already does in some service areas. This proposal is a further example of how working closely with partners in some service area can continue to meet both customer and the Council's needs and expectations with diminishing resources.

1. Background

- 1.1 In July 2014, trade unions were informed that Newcastle-under-Lyme Borough Council and Stoke-on-Trent City Council were to begin discussions on the potential for collaborative working on print and associated services. This would include print, graphic design, photography and video production.
- 1.2 The unions were informed that staff likely to be involved would be given briefings to outline thoughts behind the project. They were also advised that scoping discussions would take place to evaluate the potential for working more closely in these specialist service areas.
- 1.3 Detailed assessments have taken place involving officers from both councils with these joint discussions involving reviews and assessments of all available equipment, staff and their skills base, annual workloads/print volumes, budgets, procurement issues and importantly requirements and aspirations moving forward.

- 1.4 Officers are now in a position to recommend that Cabinet agrees to implement a pilot project for collaborative working between Newcastle-under-Lyme Borough Council and Stoke-on-Trent City Council on print and associated services.
- 1.5 Cabinet is asked to note that a report on this matter is also being drafted by Stoke-on-Trent City Council for its Cabinet to consider and if agreement to continue is secured at both authorities then officers will begin the process for preparing to establish the pilot project.
2. **Issues**
 - 2.1 A report by the Local Government Association – **Under Pressure (How Councils Are Planning For Future Cuts)** – said: *“Councils are currently half way through a scheduled 40 per cent cut in funding from central Government. Having delivered £10 billion of savings in the three years from 2011/12, local authorities have to find the same savings again in the next two years. As a result of these cuts councils in many areas will not have enough money to meet all their statutory responsibilities.”*
 - 2.2 It goes on to state that councils are facing pressures on three sides which have imposed, and will continue to impose, huge pressures on budgets. These are:-
 - Funding pressures: A 40 per cent real terms cut to core Government funding over the life of the Parliament; consistently reducing Council Tax referendum thresholds; £1bn cut to local Council Tax support funding to April 2016.
 - Cost pressures: Care service reforms (deferred payment schemes, social care cost cap); additional public health duties; an ageing population; increasing costs of concessionary fares schemes; pressures on social housing services; inflation.
 - Other pressures: Business rate appeals; welfare reform, including the benefit cap, social sector size criteria and Universal Credit; potential changes to interest rates
 - 2.3 It is against this testing financial backdrop that councils up and down the country are looking at new models of service delivery which can fulfil a variety of criteria – meeting statutory responsibilities; satisfying user/customer needs and expectations; the requirements of councils themselves; efficient and effective use of public finance.
 - 2.4 Shared services, joint ventures and collaborative working are all means of delivering the required outcomes outlined above and certainly, Newcastle-under-Lyme Borough Council and Stoke-on-Trent City Council have a record of working closely together for the benefit of the people of North Staffordshire.
 - 2.5 Both councils have defined and well-established print, graphic design and photography requirements which will continue for the foreseeable future.
 - 2.6 Collaborative working can help to meet these requirements and also has the potential to deliver savings and efficiencies through a more joined-up approach to the procurement and delivery of the services outlined.

3. **Options considered**

- 3.1 ***Option one*** – both councils continue to run separate print and associated services.
- 3.2.1 Both councils currently have their own print and graphic design capabilities with teams responsible for producing in-house work and project managing purchased work.
- 3.2.2 Print - some work, such as high volume print runs or specific finishing requirements – are occasionally put out to the private sector by the Borough Council. During the 2014/15 financial year this work was valued at around £21,000 and was for two distinct service areas - specialist materials for the elections (such as canvas forms and ballot papers) as well as volume printing for the recycling and waste service.
- 3.2.3 Graphic design – the vast majority of the Borough Council’s requirements are met via the in-house design and print team with only occasional work of relatively low value – such as pop-up banners or economic development signage bought in.
- 3.2.4 Photography and video production – all of the Borough Council’s requirements are currently met via the in-house design and print team and external work has not been procured for at least three years.
- 3.2.5 The future of the Civic Offices in Newcastle is currently being considered following the Borough Council’s decision to offer to move out of the Civic Offices to enable the wider regeneration of the Ryecroft area of Newcastle town centre.
- 3.2.6 The high volume print machines in the print room are leased from Xerox and these leases are due to expire in July 2016. One is a colour machine and the other mono and together during the course of the year they produce on average well in excess of two million prints. In the short-term these would be transferred to the pilot project to ensure continued usage and the Borough Council’s requirements continue to be met.
- 3.3 ***Option two*** - develop a pilot project around collaborative working.
- 3.3.1 A joint vision statement was produced by officers at the beginning of the scoping discussions and this outlined the goal for a potential project. The goal would be to save money, create opportunities and promote partnership working.
- 3.3.2 There is obvious potential for efficiencies through a collaborative project with savings likely to be generated as a result of economies of scale in procurement, revised procurement arrangements at Stoke-on-Trent City Council, reduced overheads, remove duplication in machinery and cost etc.
- 3.3.3 The aim is to have work relating to all print and associated service requirements from both teams being procured through the pilot project. This system is already in place at the Borough Council through the use of a specific cost centre which has a limited number of staff who can authorise print, design and photography work.
- 3.3.4 Stoke-on-Trent City Council has embarked on a similar centralised control process to ensure maximum use of the in-house collaborative project. Changes will also be made to current procurement rules at the city council to ensure maximum efficient and effective working in the joint venture.

- 3.3.5 An evaluation has been made of all staff skills, machinery, print and graphic design requirements and other associated services such as photography and video production.
- 3.3.6 Over a period of time the goal will be to upskill all staff involved in the project to ensure the needs of both councils continue to be met.
- 3.3.7 In the longer-term this is likely to put the venture on a solid and sustainable footing which should enable it to explore the potential for more partnership working with other public or third sector organisations.
- 3.4 **Option three** – procure print and associated services externally.
- 3.4.1 In these very difficult financial times, it is important that the public sector considers all possible options when reviewing the future direction and provision of all services. As a result, the potential for sourcing print, graphic design, photography and video production work externally has to be considered.
- 3.4.2 Although there have been some reductions in local print capacity through the closure of some providers which have previously worked with the councils, there is still a well-developed local market place for the services the pilot project would provide.
- 3.4.3 Spot pricing – the process by which individual, one-off print jobs are put to the market - can result in some initial savings as print providers look to secure work to ensure maximum usage of their resources. But in the longer-term, and taking into consideration the volumes of work which both councils require, this would not be an option as procurement thresholds are likely to be breached and contractual arrangements would have to be put in place which negates the spot pricing effect.
- 3.4.4 Both councils currently have in-house teams who work very closely with internal customers to ensure deadlines are met and jobs delivered. They also know the needs and requirements of their public sector clients. Without the in-house provision there would be a need for greater rigour around the deadlines for placement of work, amendments and copy changes. Currently these do not incur a cost but if all work were outsourced there could be significant additional sums paid on large volumes of work resulting from either missed deadlines or required amendments.
- 3.4.5 Outsourcing print and associated services would result in the loss of public sector jobs.

4. Proposal and Reasons for Preferred Solution

- 4.1 The preferred option is option two which requests Cabinet support for the development of a pilot project around collaborative working for print and associated services.
- 4.2 The project should illustrate the potential for efficiencies for both councils as it will reduce overheads – such as equipment, utility bills – and improve procurement opportunities through economies of scale.

- 4.3 The pilot project would be based at a location in Stoke-on-Trent and this would deal with the issue of the future location of print and associated services if the establishment of a Civic Hub proceeds.
- 4.4 In the longer-term, a team providing a range of skills to both councils – with the potential to liaise with other public and third sector partners – will provide a more sustainable solution for the respective workforces.
- 4.5 This would result in public sector jobs being protected while allowing the authority to explore a new and more sustainable – as well as more efficient and effective - way of working using existing staff resources.
- 4.6 A pilot project which eventually resulted in a joint venture would present opportunities to further develop the skills of those involved.
- 4.7 Outsourcing all of the print and associated service requirements of both councils would not result in all staff leaving the teams. Specialist buyers – who effectively project manage the commissioning, purchase and delivery of all requirements - would be required to oversee the delivery of services. If they were not in place then the responsibility would pass to individual services that would not have the specialist knowledge and perhaps even the resources to ensure timely delivery of work.
- 4.8 At the moment the two council teams deliver a combined total of 5.6 million mono page prints each year, 1.3 million colour and 2.5 million litho.
- 4.9 There would be increased opportunity for staff development as there would be a greater requirement for all of the skills currently in the Borough Council team.
- 4.10 If Cabinet agrees to the pilot project then it is likely this will be based initially at premises that Stoke-on-Trent City Council's current unit occupies in Stoke close to the A500 and Stoke railway station.

5. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

- 5.1 A pilot project for print and associated services would contribute to the Borough Council's corporate priority of delivering high quality, community driven services.

6. Legal and Statutory Implications

- 6.1 The Local Authorities (Goods and Services) Act 1970 gives the Council, as a local authority, the power to supply, goods and services to any "public body". This gives authority for staff from the two councils taking part in this pilot project to carry out work for both councils and not just the one directly employing them.
- 6.2 The General Power of Competence (GPC) was introduced by the Localism Act 2011 and took effect in February 2012. In simple terms, it gives councils the power to do anything an individual can do provided it is not prohibited by other legislation. It applies to all principal councils (district, county and unitary councils etc). It replaces the well-being powers in England that were provided under the Local Government Act 2000.

6.3 As a result of moving Borough Council staff to a proposed new place of work there is a requirement to carry out a formal consultation with staff and trade unions over the proposals. It is proposed that this should be a 30-day consultation.

6.4 If this process was completed in a way which presented no obstacles to the proposals, then it is recommended the pilot project begins at the earliest opportunity.

7. Equality Impact Assessment

7.1 There are no equality issues to highlight at this moment in time.

8. Financial and Resource Implications

8.1 The Borough Council would incur some initial costs if the pilot project were to go ahead. In the first year these would relate to staff travel as well as moving the two high volume devices currently leased from Xerox.

8.2 Costs for the temporary transfer of the devices are currently being finalised but the initial quote is for £650 for each of the devices plus £200 per hour for an analyst to oversee the transfer and installation.

8.3 The Borough Council is likely to incur some small additional ongoing costs resulting from delivery arrangements for printed materials to be brought back from the joint venture's base in Stoke to the Civic Offices. Discussions are currently going on with colleagues at Stoke-on-Trent City Council to gauge the potential for its existing delivery arrangements to be extended and the likely costs. Whatever the outcome it is not thought this part of the project will add significant cost.

8.4 During the course of the pilot project, existing lines of management and budget responsibility will remain as they are although the pilot should identify how this may be resolved further down the line if it is successful. As the pilot progresses it is anticipated other issues may also arise as the joint working takes shape and these will be highlighted to Cabinet when the evaluation report is produced later in the year.

8.5 If a successful joint venture does grow from the pilot project then the Borough Council would no longer require its Print Replacement Fund which currently holds £50,000. Future purchases and capital requirements of the venture would be dealt with jointly by both councils on a pro-rata basis relating to volumes and requirements.

8.6 Built within the Borough Council's budget assumptions for 2015/16 is a proposal that the current annual £8,000 contribution to the Print Replacement Fund ceases.

8.7 Stoke-on-Trent City Council is amending its print procurement arrangements to ensure the responsibility for delivery of all print work will be through the joint venture. Currently, a three quote procurement system – one of which is the internal quote – is in operation for print related expenditure. Ensuring the joint venture is the only source for all print and associated service requirements for both councils – resource and technical considerations aside - should enable significant efficiencies to be achieved.

- 8.8 A similar way of working was introduced at the Borough Council several years ago and this has resulted in a 66 per cent reduction in the corporate budget line without any detriment to residents or service delivery.
- 8.9 The Borough Council is actively considering proposals related to the regeneration project at Ryecroft which could impact on its accommodation requirements. This may result at some point in the future in a move to a new Civic Hub with partners.
- 8.10 This high quality office environment will not include provision for a print unit and therefore further options in addition to this proposed pilot project will be considered to ensure the Council continues to be in a position to meet its requirements for print and associated services.

9. **Major Risks**

- 9.1 A risk assessment profile has been completed with the Communications Service Risk Champion and is available on GRACE, the corporate risk software system.

10. **Key Decision Information**

- 10.1 Whether to approve proposals for a pilot project for collaborative working for print and associated services is not a key decision as defined in the Council's Constitution. However, it has been included in the Forward Plan for information purposes.