

## CABINET

14 JUNE 2011

### REPORT OF THE LEADER OF THE COUNCIL

<b>Title:</b> Tendering of the Marketing Design Contract	<b>For Decision</b>
<p><b>Summary:</b></p> <p>The Council procures design services for brand and identity development and artwork for a variety of materials including: publications, flyers, posters, forms, exhibitions, internal and external signage, website pages and a range of promotional items associated with campaigns. In 2010/11, the total cost of artwork design procured by the Marketing Team was £132,809.50.</p> <p>A framework agreement for the supply of design services was originally set up in 2004: re-tendering is now overdue.</p> <p>This report seeks approval to procure a Framework Agreement to include an optimum of between four and six design agencies, for a period of four years, with the option to extend for a further year.</p> <p><b>Wards Affected:</b> None</p>	
<p><b>Recommendation(s)</b></p> <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none"><li>i) Approve the procurement of a Framework Agreement for the supply of design services, as set out in paragraphs 2.1 to 2.5 of this report</li><li>ii) Advise, in accordance with Contract Rule 3.6.4, whether it wishes to be further informed or consulted on the progress of the procurement and award of contract, or would be content for the Chief Executive, in consultation with the Corporate Director for Finance and Resources, to award the contract upon conclusion of the procurement process.</li></ul>	
<p><b>Reason(s)</b></p> <p>To contribute to a well-run organisation, through the provision of high quality comprehensive design services that meet the council's requirements at the most competitive prices available.</p>	
<p><b>Comments of the Chief Financial Officer</b></p> <p>The use of a Council wide framework contract will ensure, and demonstrate, that the Council has achieved a value for money approach to procuring and delivering design services for its Corporate advertising.</p> <p>The cost of re-procuring the framework can be contained within the current resource of the Corporate Policy and Public Affairs division, thereafter any costs associated with design</p>	

work will need to be funded within existing departmental budgets.

### Comments of the Solicitor to the Council

1. Cabinet's approval is being sought to set up a Framework Agreement with four to six design agencies for the procurement by the Council of design services.
2. The Public Contracts Regulations 2006 allows local authorities to enter into Framework Agreements with service providers, following a competitive tendering process. The framework may allow for selection of service providers by way of "call-off", or by holding a further mini-competition with the services providers on the Framework Agreement. Under the Framework Agreement, the Council will not be obliged to purchase any particular volume from any contractor or even purchase at all.
3. As the projected value of the proposed procurement over the four year term of the Framework Agreement (£531,238.00) is above the prescribed EU Directive threshold (currently £156,442), the procurement will have to be made under the EU procurement regime.
4. The cumulative value of the proposed contracts exceeds £400k therefore there is a requirement under Council Contract Rule 3.6 for the strategy for the procurement of the contract to be submitted to Cabinet for approval. The proposed strategy appears in the body of this report.
5. The report is additionally requesting that Cabinet confirm, in accordance with Contract Rule 3.6.4, whether it wishes to be further informed or consulted on the progress of the procurement and award of contract, or would be content for the Chief Executive, in consultation with the Corporate Director for Finance and Resources, to award the contract upon conclusion of the procurement process.
6. Cabinet has the discretion to be directly involved in the progress of the Framework Agreement procurement and award of the contracts under it or to delegate this function to a Chief Officer.
7. In deciding whether or not to approve the proposed procurement of the Framework Agreement, Cabinet must satisfy itself that the procurement will represent value for money for the Council.
8. The Legal Practice is satisfied that the proposed procurement strategy outlined in this report appears to accord with EU and national legal requirements as well as with the Council's own Contract Rules and confirms that there are no legal reasons preventing Cabinet from approving the recommendations of this report.

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## **1. Background**

- 1.1 The Council's first Framework Agreement for Design Services was set up in 2004. It aimed to reduce costs by initially selecting a set of designers to compete on price with each brief sent to them. There were 20 designers on the preferred list at the time but by 2007, Marketing and Communications were only using the six of these suppliers who provided best value for money and service delivery.
- 1.2 In 2008, following a brand review and the introduction of various electronic publications, the number of agencies used dropped to the four from this list that were capable of working across all media required by the council.
- 1.3 Also at this time, arrangements for the procurement of design support were altered so that the corporate Marketing and Communications Team delivered this role on behalf of all Council Services. A robust practice of obtaining three quotes per job, drawn from the framework, irrespective of job size, was introduced.
- 1.4 In 2009, preparations began to tender for a new Framework Agreement, as the 2004 agreement had already run for an optional additional year. This was delayed until completion of a print tender renewal being processed at the same time. The commencement of a design tender was further delayed in the absence of a permanent Group Manager for Marketing and Communications.
- 1.5 The estimated total contract value of £531,238.00 has been calculated based on 2010/11 spend data for design services. This exceeds EU thresholds, therefore EU Procurement Rules (as defined by the Public Contract Regulations 2006) will apply to this procurement process.

## **2. Proposal**

- 2.1 As part of a restructure of the Marketing and Communications team currently underway, it is planned to recruit an in-house Designer. They will be skilled and available to do much of the day-to day- design work required by the Council, and it is anticipated that this will deliver better value to the Council than the current approach in which all work is externally commissioned.
- 2.2 However, in order to have access to the greatest design expertise for higher profile campaigns, and to have flexible capacity to respond at times of greatest demand, it is additionally proposed to procure the services of a selection external design agencies to work within existing brand guidelines. They will be required to produce artwork across all media that will enhance and build on the high standard of the council's visual identity and of a quality to protect the council's reputation. The contracts would not guarantee any particular amount of work to any of the awarded agencies.
- 2.3 Designers will be required to quote and compete for a wide range of design services to include: leaflets, posters, bill-boards, banners, promotional materials, exhibition materials, floor decals, window vinyl, signage, web design, e-mail and digital screen artwork, brand and identity development for individual service areas and specific corporate campaigns, as well as the supply of royalty free photography when the council's own supply is insufficient for the job in hand.

- 2.4 Designers will be contracted through a Framework Agreement: it is aimed to appoint between four and six suppliers for a period of four years,
- 2.5 A two stage Restricted Procedure procurement exercise will be undertaken in accordance with the Public Contract Regulations 2006. This procedure has been chosen as a large response is expected to the public notice: the Restricted Procedure enables the Council to pre-qualify and ultimately decide who to invite to tender, therefore making the process more manageable. Officers will also work to encourage local businesses to apply for inclusion on the final tender list.

2.6 Tenders will be evaluated on a 50% price / 50% quality basis. Tenders will be scored according to the following quality criteria weightings.

- Creativity and innovation 33%
- Project Administration 27%
- Ability to deliver within strict timescales 27%
- Technology and software\* 13%

\*The specification requires designers to have project management systems to track and record progress of jobs that the Council can interact with or receive reports from, and also to enable up- and downloading for artwork. This criterion will also enable assessment of the software design packages used – whether they are up-to-date and capable of delivering work in the media required by the Council, including digital.

2.7 It is proposed to delegate to the Chief Executive, in consultation with the Corporate Director of Finance and Resources, the award of contracts within the Framework Agreement. Cabinet is asked to indicate whether it wishes to be further informed or consulted on the progress of the procurement and the award of the contract.

### **3. Financial Issues**

3.1 The use of a Council wide framework contract will ensure, and demonstrate, that the Council has achieved a value for money approach to procuring and delivering design services for its corporate advertising.

3.2 The cost of re-procuring the framework can be contained within the current resource of the Corporate Policy and Public Affairs division, thereafter any costs associated with design work will need to be funded within existing departmental budgets.

### **4. Legal Issues**

4.1 The legal issues are set out in the Legal Comments above.

### **5. Other Implications**

#### **5.1 Risk Management**

A risk assessment of the proposed procurement has been carried out, and has identified very low risk levels. Advice will continue to be taken from Elevate as to best procurement practice to mitigate any residual risks.

## 5.2 **Contractual Issues**

The successful contractors will be required to enter into a formal contractual arrangement with the Council on terms and conditions to be finally agreed with the Council's Legal Practice.

## 5.3 **Staffing Issues**

This Framework Agreement will not impact on the current staff or require any change to the current staffing levels in Communications and Marketing or any other department in the Council.

## 5.4 **Customer Impact**

Designers will be required to follow corporate brand guidelines where it is outlined that all graphic design and marketing campaign material must be visually accessible, in line with RNIB recommendations on fonts, colours and contrasts. All photography used will, across a range of designed materials, be reflective of a cohesive community that includes representation of race, gender, disability and age.

## 6. **Options appraisal**

- 6.1 Consideration has been given to the creation of a fully internal design resource to reduce corporate spend to external agencies. However, the complexity and volume of design work procured by the Council requires a wide range of skills which would be difficult to resource in-house. The four existing external agencies offer 14 designers that can be called upon to spread projects and make sure that the multiple projects are delivered on budget and on time.
- 6.2 If individual pieces of design work were separately procured, this would not capture the potential economies of scale which can be achieved through the procurement of a Council-wide framework.
- 6.3 If the proposed contract is not awarded there would be lack of central controls that could potentially lead to misuse of logos, a lowering of standards of presentation and content creating a threat to the Council's reputation and loss in quality of the end product.

## 7. **Background Papers Used in the Preparation of the Report:**

None

## 8. **List of appendices:**

None