

27 January, 2016

**To the Chair and Members of the  
AUDIT COMMITTEE**

**ELECTRONIC AND PHYSICAL RECORDS PROGRESS REPORT**

**EXECUTIVE SUMMARY**

1. The purpose of this report is to update the Committee on the progress made with regards to the electronic and physical storage of records, including the options considered and the associated costs, requested following the Information Governance progress report presented to the Committee in February 2015.

**EXEMPT REPORT**

2. Not applicable.

**RECOMMENDATIONS**

3. The Audit Committee is asked to note and comment on the content of this report.

**WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

4. The Council is committed to ensuring that the resources it allocates to records management are cost effective and efficient, therefore maximising the amount of resources to be spent on the delivery of other 'front line' Council services. The effective management of the Council's records also ensures that citizens' information is adequately protected and minimises the risk of this information being compromised.

**BACKGROUND**

5. The statutory SIRO (Director of Finance and Corporate Services) for the Council and the Customer Information Team within Customer Services are responsible for ensuring that the Council adheres to legislation, policy and procedure relating to:
  - Data Protection;
  - Freedom of Information;
  - Information Management;
  - Records Management;
  - Local Government Ombudsman enquiries; and
  - Complaints.

These legislative areas are collectively known as Information Governance.

6. On the 4<sup>th</sup> February 2015, a report was presented informing the Audit Committee of the Council's long-standing position relating to information and records management. It identified the vulnerable state the Council was in relating to Information Governance prior to the establishment of the SIRO and Customer Information Team, the progress and achievements that had been made since the implementation of the Council's Information Governance structure and some of the work to be delivered moving forward.
7. One of these deliverables was to undertake a comprehensive review of the current records management stores and implement a new Council wide records management solution by identifying suitable Council premises or an alternative solution to house the Council records.
8. The Council currently stores up to 26,000 boxes of paper records, many with varying retention periods, in three different locations. These stores are located in the Town Centre, at Thorne and Balby Two of these locations (Town Centre and Balby) are internally managed, whilst the third (Thorne) is an external company. The Council's internal locations manage up to 15,000 boxes of records and approximately 11,000 are managed by the external supplier.
9. The boxes of records stored at Balby have significant damage due to the conditions they have been kept in. Some of the boxes are damaged due to damp and in some instances this has led to mould growth; however following a review of a sample of boxes, the contents appear to remain unaffected by the mould.
10. The following options were considered when reviewing the current records management stores:
  - Develop our own internal solution for all records management;
  - Move the records held at Thorne to a Council building and work to merge the current three records stores at a later date;
  - Tender for a commercial managed corporate records management solution; and
  - A further option of leaving the records in their current locations was also considered as part of this review. (However the current costs for storage across the 3 locations compared with the costs published in the ESPO framework number 2957 – Document Storage and Retrieval Service, indicated that significant savings could be achieved by going out to tender).
11. Following consultation with the Assets and Property Team, the development of our own internal solution has been considered not to be an option as the Council does not own any premises that are large enough to hold the current volume of boxes and to structurally alter numerous premises would incur significant resources, require additional staffing and have an impact on the savings earmarked as part of the Asset Review and Rationalisation programme. A full cost analysis of this option has not been completed as initial investigation indicated it was not a serious option for the above reasons.
12. To move the records held at Thorne to a Council building is also not an option. There are approximately 11,000 boxes of records stored at the Thorne premises.

The Asset and Property Team identified one suitable premise that had the capacity, however significant investment would be required to ensure that the records would be kept in appropriate conditions in the premises that they would be relocated to. As well as the atmospheric conditions, risk of fire or flood, risk of rodent infestation and security of the boxes, how the boxes are stored has also been considered as part of this option. Investigations have proved that the current 11,000 boxes are single walled boxes therefore substantial crush damage would occur if they were stacked on top of each other.

13. The following table provides the cost for the 11,000 boxes stored at Thorne only for the next 3 years, compared with 2 suppliers on the ESPO framework.

		<b>Annual Cost</b>
<b>Frame work supplier 1 – Max cost £31,987 per annum</b>	Storage per year	£31,987
<b>Frame work supplier 2 – Max cost £26,208 per annum</b>	Storage per year	£26,208
<b>Current supplier – the Council is paying £71,900 but is currently in dispute</b>	Storage per year	£71,900

14. Given this information, the best option was to tender for a commercial managed corporate records management solution. Therefore, consultation was undertaken with Procurement and as there was a current framework – ESPO 2957, the Council had the option of procuring services via the framework.
15. The current external supplier based in Thorne is not however on the ESPO framework therefore, as they are the current supplier and a locally based company, the Council decided that the most fair and appropriate form of procurement would be to go down the route of full European Union tender, therefore allowing the current external supplier to submit a tender
16. On the 15<sup>th</sup> June 2015 the tender opened with a closing date of 20<sup>th</sup> July 2015. Seven tenders were submitted and it should be noted that the current external supplier did not submit a tender. The following table provides the cost over 5 years based on a records management cost model for all records management services, from the tenders submitted.

<b>Supplier 1</b>	£517,775.00
<b>Supplier 2</b>	£887,642.50
<b>Supplier 3</b>	£503,433.50
<b>Supplier 4</b>	£945,312.50
<b>Supplier 5</b>	£563,179.00
<b>Supplier 6</b>	£436,065.00
<b>Supplier 7</b>	£501,950.00

17. Due to legal negotiations and the dispute around a current contract, the new contract has only just been awarded to one of the tendering suppliers and the Council is currently working with them to develop a comprehensive implementation plan that will include reviewing the contents of boxes where the information currently held on them is not specific and re-boxing where the boxes are damaged or affected by mould. The transfer of records will start in January.
18. The anticipated savings are approximately £98,000 per annum, however this could increase if the volume of boxes stored is less than the current predicted volume of 26,000.
19. To further improve how electronic data is managed initially by reviewing the data held and deleting Redundant, Obsolete and Trivial files (known as ROT), was another deliverable from the report presented to the Audit Committee in February 2015.
20. The Council has over 16 million files held digitally across the organisation and the Doncaster Children's Service Trust. Many of which are redundant folders and files due to the many changes the organisation has gone through and the lack of electronic records management guidance. The Council has procured a product called Active Navigation that interrogates the s: drive and enables the identification of our ROT files. The software is then used to reduce the ROT by deleting the files that have been identified as no longer required.
21. The ROT is categorised into three levels of confidence – high, medium and low level ROT. This means that high level of confidence ROT can be deleted without review, whereas medium and low levels of confidence ROT require analysis before deletion.
22. The Council has now deleted over 490,000 files classified as high level ROT and work is progressing with all Directorates to review the low and medium level ROT, reviewing over 3.5 million files.

## OPTIONS CONSIDERED

23. Not applicable.

## REASONS FOR RECOMMENDED OPTION

24. Not applicable.

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

- 25.

Outcomes	Implications
<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> </ul>	<p>The embedding of robust information management arrangements within the Council contributes to the effective delivery of all the Council's key</p>

<ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Be a strong voice for our veterans</i></li> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> <li>•</li> </ul>	<p>priorities.</p> <p>The current records management function does not deliver value for money; therefore procuring an alternative solution that does deliver value for money is the only option available.</p>
<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	
<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	
<p>All families thrive.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	
<p>Council services are modern and value for money.</p>	
<p>Working with our partners we will provide strong leadership and governance.</p>	

## RISKS AND ASSUMPTIONS

26. As a result of the movement of our records, the Council is exposed to the potential risk of a financial penalty from the Information Commissioners Office if the Data Protection Act is breached as our records will be temporarily unsecure.

The initial risk rating is 12 = likelihood 3 (possible) x impact 4 (Major).

However with the processes put in place to secure the documents the current rating is 8 = likelihood 2 (unlikely) x impact 4 (Major).

27. As a result of a third party handling and storing our records, again the Council is exposed to the potential risk of a financial penalty if the Data Protection Act is breached as these records are not managed appropriately or are at risk of damage or theft where they are stored.

The initial risk rating is 12 = likelihood 3 (possible) x impact 4 (Major).

Following the tender process and after visiting the premises where the documents will be stored, and assessing the records management procedures that are in place, the current risk rating has been revised to 8 = likelihood 2 (unlikely) x impact 4 (major).

- 28.** As a result of not adhering to the principles of the Data Protection Act, the Council are at risk of retaining both electronic and paper information for too long or not long enough, considering the Data Retention Schedule. This could include disposing of documents before they should be destroyed, deleting critical records, and keeping records for longer than they should be retained. Again this could lead to a financial penalty and reputational damage to the Council.

The initial risk rating is 12 = likelihood 3 (possible) x impact 4 (Major).

However, all of the paper records that are stored in the different locations have a retention date written on the box, which is also duplicated in the respective database for that store. Prior to the movement of the boxes, any box that has reached its destruction date will be reviewed and after confirmation from the Council the box will be destroyed. The electronic data held is currently being reviewed and a project has been initiated to review the electronic storage of the 16 million files. The Retention Guidelines for Local Authorities on records retention is available for all staff on the Intranet, and specific guidance is also available on the Intranet on the records management page, including information on how to box records for storage. The current risk rating is therefore 15 = likelihood 3 (possible) x impact 5 (Critical).

- 29.** As a result of the Council failing to ensure that its records are retained for the correct period of time, the Council is at risk of not fulfilling its statutory obligations under the Freedom of Information Act and the Data Protection Act. This could result in a financial liability, legal proceedings and reputational damage.

The initial risk rating is 12 = likelihood 3 (possible) x impact 4 (Major).

Following on from point 35 above, the current risk rating is 8 = likelihood 2 (unlikely) x impact 4 (major).

## **LEGAL IMPLICATIONS**

- 30.** The tendered contract between the Council and the new supplier places various obligations on the new supplier regarding security of the Council's information and security of personal data. It also contains provisions to ensure robust and effective information management on behalf of the Council by the new supplier. Such contractual provisions include:
1. Comprehensive clauses covering obligations regarding personal data and other confidential information; rights to inspect and audit the supplier's processes during the term of the contract and for a period thereafter;

obligations to act in accordance with the Council's reasonable direction in relation to data protection.

2. All supplier personnel must sign confidentiality agreements and comply with the Data Protection Act; supplier warranties as to monitoring and control over supplier personnel to ensure information is not accessed inappropriately or in breach of and legislation; no supplier personnel are to be employed in the services who are barred from any activity re safeguarding vulnerable groups; rights of the Council to remove any supplier personnel from the service.
3. The Supplier's limit on liability to the Council is uncapped with regard to breach of data protection and confidentiality duties.
4. In the event of a dispute as to charges, the supplier must continue to supply the services and cannot exercise a charge or lien over the Council's information and withhold documents.
5. Further detail of the services are described in the schedules to the contract and include:
  - requirement for robust security and duty to comply with asset security legislation across physical and digital records and ensure the personal information is being protected from loss, unauthorised access or data breach.
  - service levels to ensure that documents to be retrieved within certain time limits. Service credits shall become payable if timescales are missed.
  - Core services such as destructions, ingests and scan on demand of any records to be done in agreed controlled conditions with a set down agreed process.
  - requirement to ensure that all transfer of records through physical and electronic to be done in a secure manner and requirement to run a secure electronic file management system which complies with the government secure intranet (GSI).
  - All physical and digital data to remain property of the Council specific arrangements on exit transfer with agreed costs and agreed activities.

## **FINANCIAL IMPLICATIONS**

31. As detailed in the body of the report, DMBC currently stores corporate records and historic archives in 3 separate premises, 2 of which are council owned (Copley House and Balby Archives) and 1 is a private storage company.

The current budget funding the storage of records and archives is:

	<b>£</b>
Copley House	47,240

Balby Archive	33,570
Private Storage Company	71,900
Staffing	50,050
<b>Total current budget</b>	<b>202,760</b>

32. The cost of the new contract and the resulting savings are:

	<b>£</b>
Current records and archives budget	202,760
Annual cost of new storage contract	87,210
<b>Budget saving</b>	<b>115,550</b>

The saving of £115,550 will be allocated to meet existing savings targets as follows: £80,810 to Asset Rationalisation due to a reduction in buildings; and £34,740 staff costs to the Digital Council Programme once the transfer is complete and the staff are no longer required.

33. As the current supplier is not the appointed supplier of the new contract, all records will have to be removed, with an estimated (one-off) cost of retrieval of £109,500. To ensure that funding is in place, £110k of the Service Transformation Fund ear-marked reserve has been set aside for storage retrieval costs. If the actual cost of retrieval is less than £110k then the balance will be released to fund other Service Transformation priorities.
34. The council's budget currently does not include funding of the removal costs associated with the Copley House and Balby Archives movement of records, nor the treatment of mould infestation within the records and archive documents.
35. With regard to electronic files stored on the Council's ICT network, the Finance & Corporate Capital Programme for 2015-16 (approved as part of the Capital Budget by Full Council on 3rd March, 2015) includes £100k that has been identified for use on Data Management projects (part of the wider £914k allocation for the ICT Strategy). Active Navigation is a sub project within the Data Management £100k budget and is expected to cost £50k, thereby leaving £50k for other Data Management projects.

For information:

The approved Finance & Corporate Capital Programme for 2015-16 included a budget of £100k, on the assumption that a new storage solution would be created in a council owned building, to fund the purchase and installation of new shelving. During capital budget monitoring at Quarter 2 of 2015/16, it became clear that this was not required as the Council had initiated a tender exercise to store records with an external supplier. Therefore, the £100k capital budget was released to fund other council priorities.

## HUMAN RESOURCES IMPLICATIONS

36. There are staff who are affected by a decision to award a new contract for a



corporate records management solution. The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) applies to those staff and protects their employment rights in a transfer situation enabling them to be protected on the same contractual terms and conditions and their continuity of service preserved. All staff employed in the transferring service immediately before the transfer automatically transfer from the council (the transferor) to the new provider (the transferee) unless they choose not to in which case they are deemed to have resigned their position.

37. Where employees transfer the “transferee” will take over the rights and obligations arising from those contracts of employment, except criminal liabilities. Any liabilities relating to employees who were dismissed before the transfer (for a reason connected with it) also transfer to the transferee.
38. The Council has a responsibility to conduct a full and meaningful consultation with employees at the earliest practicable time. The Council is also obliged to give the “transferee” written information about the employees who are to transfer. Not all contractual provision may be capable of transfer and the “transferee” will need to inform the Council of any “measures” that it intends to take to change these. Failure to do any of these could result in a liability for the payment of compensation.
39. Human Resources will provide advice and guidance on the processes to be followed throughout.

## **TECHNOLOGY IMPLICATIONS**

40. The successful supplier of the corporate records management solution will provide the necessary ICT system to manage the lifecycle of the records they hold on behalf of the council and partners and will provide on line access to associated services (for example, requesting the retrieval of records, viewing records online etc). The ICT Security & Compliance Officer has provided the necessary advice/input to the procurement exercise and is being consulted further as part of the ongoing service implementation planning.
41. There are likely to be data migration requirements and changes to existing systems used to manage/record the location of physical records under the previous arrangements. The requirements and options (including potential ICT resource implications) are currently being assessed.
42. ICT resources will also be needed to decommission the ICT services and remove any redundant ICT equipment from buildings that are no longer required, following the transfer of records to the new supplier.
43. The ongoing work with Active Navigation to interrogate, review and delete redundant, obsolete and trivial (ROT) files supports the Data Management theme of the Council’s ICT Strategy to transform the way we keep records and data ensuring they are only held once, are easily retrievable and only held as long as they need to be.

## **EQUALITY IMPLICATIONS**

44. Decision makers must consider the Council's duties under the Public Sector Equality Duty at s149 of the Equality Act 2010. The duty requires the Council, when exercising its functions, to have 'due regard' to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the act, and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic. There are no specific equality implications arising from this report. However, any activities arising from the management of information will need to be the subject of separate 'due regard' assessments.

## **CONSULTATION**

45. There are no specific consultation requirements, however many stakeholders have been involved in this process and will continue to be on an on-going basis.

## **BACKGROUND PAPERS**

46. None.

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