

1. **Procurement of Production Printing Equipment** (Pages 2 - 4)

CABINET MEMBERS DELEGATED DECISION

Open		Would any decisions proposed :		
Any especially affected Wards	Operational	Be entirely within Cabinet's powers to decide	YES	
		Need to be recommendations to Council	NO	
		Is it a Key Decision	NO	
Lead Member: E-mail: <i>Cllr Brian Long</i>		Other Cabinet Members consulted: Cllr Alistair Beales		
		Other Members consulted:		
Lead Officer: Sharon Clifton E-mail: Sharon.clifton@west-norfolk.gov.uk Direct Dial: 6711		Other Officers consulted: Management Team, Dale Gagen, Tony Hague		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications NO	Equal Impact Assessment NO If YES: Pre-screening/ Full Assessment	Risk Management Implications NO
If not for publication, the paragraph(s) of Schedule 12A of the 1972 Local Government Act considered to justify that is (are) paragraph(s)				
Date meeting advertised: 18 th August 2016		Date of meeting decision to be taken: 25 th August 2016		
Deadline for Call-In: 1 st September 2016				

Date of meeting:

PROCUREMENT OF PRODUCTION PRINTING EQUIPMENT

Summary

The extended contracts with Xerox for the existing production printing equipment expire in November 16 and January 17. We are currently benefitting from secondary rate reductions of 90% as the contract was extended for two years. Notice on these contracts need to be given on 31 August and 27 October respectively. If we do not give 90 days' notice before expiry, our contract fee will revert to the original fee costing an additional £80k per annum. A thorough review of print room has been undertaken and it is clear that an in house provision is still the best option. A procurement process took place earlier this year, and the lease costs for the preferred contractor were provided to Capita to undertake an options appraisal to check that leasing represented better value for money than purchasing.

Recommendation

To give delegated authority to the Executive Director Central and Community Services to award the contract to Konica Minolta for the provision of 3 production printers on a leasehold basis over the next five years for a sum of £158,231.05, to include maintenance and consumables. Following post tender discussions this will also include Fiery Impose software at £68.87 per quarter and Productivity Pack at £106.50. This gives a total contract sum over five years of £162,038.45. Contract needs to be awarded before the end

of August as the Crown Commercial Services framework, under which the tender took place earlier this year, will expire.

Reason for Decision

This represents the most cost-effective solution for the provision of printed materials for the council and will secure substantial savings against the cost of the current contract or the cost of sourcing printwork externally (other than that already sourced through the printing framework agreement). Total savings will depend on final location of the printroom, but if it remains in its current location savings will be in the region of £56k per annum.

Background

The lease contracts for the production printing machines in the print room came up for renewal in December 2014 and January 2015. In the light of the channel shift project and members ICT project secondary rate reductions were negotiated and the contracts extended for two years. This provided a temporary saving to the council in the region of £80,000 per annum for two years. At the end of the two year period lease rates on the contract would return to the original cost.

Having assessed current, medium and longer term printing requirements it was clear that a print function would still be required.

A tender process was undertaken, under the Crown Commercial Services Framework agreement RM1599. Three bids were received from Konica Minolta, Xerox and Canon.

The most favourable bid was then assessed by Capita, using their free service, to check that it represented better value for money than purchasing the same equipment.

An exercise was also undertaken to assess in-house costs for core work against the cost of securing the same service externally through local or online print companies. This showed that an in house service was still the most cost effective, plus it provided opportunities to support other public sector companies with a print service – college etc. It is clear that the Print Framework agreement should still be used for large print runs or multi-fold jobs and this continues to be the most cost effective approach.

Options Considered

- 1- Outsourcing – more expensive based on current print volumes and price comparisons with local and online printers
- 2- Shared arrangement with the college – not beneficial at the time due to their contract arrangements. Have agreed to continue to work together and it is hoped that we will take on college work over the next few years
- 3- Purchase existing equipment – not appropriate as equipment is past its serviceable life and maintenance would be expensive and quality and turnaround times compromised.

- 4- Remain with existing contract – explored with current provider, but downtime on machinery is excessive and affecting quality and productivity. Also, paying for equipment that is no longer cost effective. Contract price would increase to more than new contract at end of secondary rate reduction period which ends in December.
- 5- Tender for new contract – significant savings offered with new equipment designed for current and predicted future requirements

Financial Implications

The new tender for five years is substantially lower than the previous one. We were paying £150,000 per year this has fallen to £32,408 per year. However, the budget has already been reduced taking account of the equipment extensions and the likely reduced cost from a new tender. The financial plan has £88,730 per year for equipment, this will fall to £32,408 so an annual saving in the region of £56k per annum or £224k over the four years of the financial plan.

If we do not award this contract and give notice on the current contracts, costs will revert to the original fees. We would also need to begin the procurement process again due to the expiration of the CSS framework agreement.

Declarations of Interest / Dispensations Granted

None

Background Papers

Tender Documents