

REPORT TO CABINET

Open		Would any decisions proposed :		
Any especially affected Wards	Mandatory	(a) Be entirely within cabinet's powers to decide	YES	
None		(b) Need to be recommendations to Council	NO	
		(c) Is it a Key Decision	YES	
Lead Member: Cllr Nick Daubney E-mail: cldr.nick.daubney@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted:		
Lead Officer: Sharon Clifton E-mail: sharon.clifton.west-norfolk.gov.uk Direct Dial: 01553 616711		Other Officers consulted: Management Team, Tony Hague, Adam Whittle, Michael Jaz		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications NO	Equal Impact Assessment NO	Risk Management Implications YES

Date of meeting: 2 February 2016

TENDER FOR LEASING PRODUCTION PRINTING EQUIPMENT

Summary

An ongoing review of printing across the council has shown that there is a definite requirement to continue with the existing in-house arrangement. This is more cost effective than outsourcing all print requirements at this stage. A number of options have been explored. Two options are still being considered.

Option 1: A further competition process is being carried out within a Crown Commercial Services (CCS) framework agreement to secure production printing equipment for the council's printroom. The procurement of new equipment on a lease basis will contribute considerably to the council's cost savings (in the region of £400,000 over five years) and will ensure the printroom can maintain service levels avoiding the need for external print in most instances. However, to take advantage of the existing CCS Framework Agreement the contract must be awarded before the framework expires on 29 February 2016.

Option 2: Capita will review the lease contract on offer and undertake an options appraisal to assess whether purchasing is a better option than leasing.

Recommendation

It is recommended that Cabinet give delegated authority to the Executive Director – Central and Community Services, in consultation with the, Leader and Portfolio Holder for Resources to award the contract under the Framework agreement if, following the completion of the tender process and the work by Capita, it is deemed to be the most cost effective option.

Reason for Decision

To ensure that the Council continues to obtain best value for its print

provision.

BACKGROUND

1. A series of corporate projects have been taking place across the authority to work towards the council's savings targets. One of these projects is a review of printing across the whole council.
2. The review is underway, but much of it depends on progress with and take-up of various channel shift and ICT projects.
3. At the start of the review process a decision was taken to extend the existing contracts for a period of 2 years to give an opportunity for the corporate projects to bed down. In securing the extension, the then Print Manager negotiated a secondary rate reduction bringing the quarterly costs of £35,000 down to under £15,000. The saving was temporary and, at the end of the 2-year period, costs will return to the original level.
4. There is less than one year remaining on the extension.
5. Initial research by the Communications Manager and Graphic and Print Supervisor has highlighted an opportunity to secure new equipment at significantly lower rates. This would have the added bonus of being more reliable and faster as the current equipment is 6+ years old.
6. A light-touch test of the market has shown that on core work, in-house printing costs are significantly less than the cost of outsourcing to local print providers or online providers, given current volumes. However, it is still prudent to use the corporate print framework for big, multi-fold or high volume work, as this uses different printing and finishing methods and is more cost effective.
7. Progress on the ICT and channel shift projects has been slower than anticipated but projects are now coming to fruition. Over the last 6 years print volumes on the colour machine have increased (now around 180,000 per quarter) and on the mono/highlight colour machines have decreased (900,000 per quarter has fallen to around 600,000 per quarter). The trend is downwards but at a slower rate than originally envisaged (annually the volumes are down by around 50,000 per quarter). Whilst this trend is likely to continue, it is believed that it will level off as it is not possible to do everything digitally. Some of the big changes (agendas for example) have already been implemented and are included in the volumes above.
8. The volumes are at a level which justifies the investment for a further period of 3 to 5 years. At this time a further review would be necessary. This review would be supported by regular monitoring of usage across the council.

Options Considered

9. Do nothing
We could do nothing, but this would result in the existing contracts returning to pre secondary rate reduction prices of £35,000 per quarter, until such time as the contract is terminated.

10. Purchase existing equipment

The existing equipment is 6+ years old and is coming to the end of its life. Maintenance agreements would need to be put in place as the machines suffer from numerous breakdowns on a regular basis, often impacting on service delivery. This is not considered to be a cost effective solution given the current usage volumes

11. Undertake a tender process just prior to end of current contract extension.

The current CCS Framework will have expired so a full tender process would be required which could be time consuming and costly. We have been advised that a five year contract period would deliver the best price, but clearly this would extend the overall period of commitment, if the contract is not awarded for 12 months. It was also considered that volumes may have reduced again which could result in a less competitive price than could currently be achieved. This option could be taken at a later point if it is determined not to go ahead with either of the preferred options.

12. Undertake tender process now, utilising Crown Commercial Services Framework agreement RM1599

The CCS Framework RM1599, under which the existing floor copiers were purchased, expires on 29th February 2016. It will be sometime before a new framework contract is in place. Consideration was given to running a full tender process later but it was felt that it would be more costs effective to run a further competition under the current framework on the understanding that the contract must be awarded before the framework expires. To achieve the best prices a five-year contract period is recommended. 90 days' notice is required on the existing contracts. Management Team agreed that the further competition would be the most cost-effective way forward and the specification was prepared and sent out to suppliers on the framework in January this year.

13. Purchase new equipment

Capita offer a free service to the council which will review the contract on offer and undertake a cost analysis for the council free of charge. This work will take place before any decision is taken on how to proceed.

The potential cost of the contract over five years means that cabinet approval is required. However, there is not enough time between the return of the tenders and the next cabinet meeting to get a decision in time to award the contract before 29 February. Delegated authority is therefore sought for the Executive Director – Central and Community Services Debbie Gates in consultation with the the Leader, Nick

Daubney, portfolio holder for Resources, to agree the contract if it is deemed to be the most cost effective and best option once we have the outcome of the tender and the work to be undertaken by Capita.

14. If a decision is taken not to award the contract following the work by Capita, a further report will be brought to Cabinet setting out the proposals for provision of print services.
15. The savings secured through the framework contract will contribute significantly to the council's ongoing cost reduction programme and are believed to be in the region of £400,000 over five years. The ongoing review of print alongside the channel shift and ICT projects will ensure this is continually monitored to ensure best value is being achieved and that appropriate decisions are being taken on the future provision of print services.

Policy Implications

The proposed procurement is in compliance with Contract Standing Orders.

Financial Implications

Whilst awarding the contract commits the council to a level of expenditure, it is a vast reduction on the existing commitment (potentially around £80,000 per annum), and will prevent additional expenditure on external print.

Equality Impact Assessment (EIA)

None required

Risk Management Implications

If we do not award the contract we run the risk of paying increased charges for old equipment – ie: the previous charges will be levied at £35,000 per quarter. If we delay the award, then the Government Framework will expire and a full process would be necessary rather than a further competition within the framework which will be both costly and time consuming.

By undertaking the Capita work, we are reducing any potential risk to the council by testing the leasing arrangements against purchase costs.

Background Papers

None