

Report for: ACTION – <u>CABINET DECISION</u>
Item Number: 9

Contains Confidential or Exempt Information	No
Title	Contract for Multifunctional Devices, Managed Print and Content Services and Records and Information Management
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Portfolio(s)	Cllr Yvonne Johnson, Finance and Performance
For Consideration By	Cabinet
Date to be Considered	10 th April 2018
Implementation Date if Not Called In	23 rd April 2018
Affected Wards	All
Keywords/Index	Procurement, Corporate Contracts, DAPSS, Print, Digital, MFDs, Hybrid Mail, Post

<p>Purpose of Report: The purpose of the report is to obtain authority to begin the procurement process for the provision of Managed Print and Content Management Services, including provision of relevant equipment such as Multifunctional (combined printer/ copier/ scanner) devices and associated services such as hybrid mail.</p>
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1. Recommendations

1.1 It is recommended that:

Cabinet authorises the Director of Finance following consultation with the Head of Procurement to select the appropriate framework from Crown Commercial Service Framework RM3781 and the Crescent Purchasing Consortium Framework and to undertake a mini competition for a new contract for managed print and hybrid mail services. The contract starting after December 2018, is to be funded within the existing 2018/19 £1.699m (to be reduced from 2019/20 to £1.359m) per annum postage and printing budgets and let for a term of 5 years making the total value of the contract £7.135m

1.2 Cabinet delegates authority to the Director of Finance following consultation with the Head of Procurement and the Portfolio Holder for Finance and Performance to award a contract following the mini-competition to the most economically advantageous tender.

2. Reason for Decision and Options Considered

- 2.1 The current contract for the provision of Multi-Functional Devices (MFDs) with Apogee Corporation Ltd will come to an end on 23rd December 2018 and the council does not have the option to further extend this contract.
- 2.2 The council is currently reviewing the way it manages print and post with a view to reducing its reliance on paper and shifting towards more efficient ways of working. This procurement provides an opportunity to ensure the right services and technology are in place to support this culture change in line with Future Working and Digital Strategies.
- 2.3 Supply market analysis has been conducted in which the market leaders were identified; a summary was included within the Print Services Category Strategy presented at the July 2017 and February 2018 Corporate Resources DCB (included in Appendix 1). Each of these market leaders appear on frameworks such as the Crown Commercial Service Framework RM3781 and the Crescent Purchasing Consortium Framework which will provide the council with an opportunity to conduct a mini-competition before award.

Conducting the procurement process via one of these frameworks will enable the council to access a holistic set of services managed by the supplier and allowing the flexibility within the contract for the council to reduce its reliance on paper over time.

- 2.4 A soft market test exercise was conducted in February 2018 with the following suppliers to allow the council to understand the range of technical solutions available and therefore to inform a fit for purpose service specification for the council:
 - Canon
 - Xerox
 - SCC
 - Apogee
 - Konica Minolta

Each supplier conducted a presentation which covered numerous questions around technical innovation, contract structure, channel shift and mobilisation amongst other things.

- 2.5 Some of the findings are set out below:
 - Optimum contract duration is 5 years. This will enable the council to realise the benefits from the efficiencies that the contract can provide. It is also unlikely that any revolutionary technology will be released within the next 5 years.
 - Considering the technical nature of the solution that the council wishes to procure, it is recommended that the weighting is geared more towards quality than price (e.g. 55% Quality – 45% price – in line with the relevant framework)

- All providers are able to meet the range of services required and keen to be engaged and involved in the procurement

3. Key Implications

- 3.1 The new contract will not only provide opportunity for service areas to streamline processes with regards to print and post, but will actively drive them towards efficient working methods. Channel shift will not only be achieved by the introduction of new technology, but by centralising budgets and implementing a new corporate/Council policy. As such decisions to print will be based on the most economically advantageous route for the council, rather than impact on individual service budget.
- 3.2 The contract will provide increased compatibility with flexible working, enhanced controls (via better rules based printing functionality) and improved service area spend monitoring which will support the council in its aims to move towards smarter working methods and achieving the targeted spend reductions.
- 3.3 The identified frameworks provide the council with an opportunity to take a more flexible approach to managing the size and functionality of our printer/MFD fleet based on the council's requirements and print strategy so that as the council's requirements change over time, the supplier is responsible for amending the fleet to match them. The frameworks also have scope within their core requirements to instruct the supplier to work with the council to create more efficient workflows and business processes, security improvements and achieve cost savings. The council could be billed based on volume & users, without being tied to any lease agreements and would receive greater assistance from the supplier to achieve a shift in behaviour and use of technology.

The specification will be designed to ensure that the supplier will have to provide a tailored, flexible solution to fit the evolving requirements of the council.

Some of the core requirements will include:

- Optimal range of equipment
- Automated workflow/business processes
- Advice/recommendations
- Supporting a mobile workforce

Suppliers are able to make provision to split this operation between an onsite print room and an offsite hybrid mail facility

It is proposed that the Post, Print & Distribution Team serves as a commissioning point for all bulk print. Bespoke requests will be carried out in-house to maintain control and allow for consultation with the client.

The very large scale, standardised print (e.g. Council Tax annual billing) will be sent offsite.

This exercise is considering the possibility of including some of the digital print commissioned via PrintOut (Communications) which includes designed materials such as leaflets, posters and booklets as well as more bespoke items such as display materials and large format items, as well as the Around Ealing magazine. However, if provider capabilities are not able to satisfactorily meet the requirements for more complex and higher production value jobs, the procurement and consolidation of budgets does still provide an opportunity to develop a more streamlined route for the commissioning of all print services by departments and an end to unnecessary internal recharge processes.

- 3.4 Ealing will manage the contract locally by holding regular service review meetings with the Account Manager to ensure SLA, KPIs and associated deliverables are met (which are pre-defined).

4. Financial

a) Financial impact on the budget

Approved revenue budgets are already in place to fund the new contract with the intention that savings as set out in the 18/19 Budget Strategy report totalling £0.480m set out below will be realised as a result of the new procurement, as such no new funding is being requested for this procurement. The contract value will include spend from services' postage and printing budgets in addition to spend from the DAPSS (Digital and Print Support Services) budget.

The 2018/19 budget review earmarked the following for savings.

	2017/18	2018/19	2019/20	2020/21
	£m	£m	£m	£m
Revenue budget (excl DSG & HRA)	1.839	1.839	1.699	1.359
Reduction (per the approved MTFS)		(0.140)	(0.340)	0.000
Revised revenue budget		1.699	1.359	1.359

b) Financial background

The current corporate MFD contract with Apogee has an annual value of circa £0.500m per annum. This includes the rental of approximately 140 multi-functional

devices and two production print machines at a rental cost of circa £0.270m per annum and click (usage) of £0.220m. Of this spend, £0.344m is from a central print budget covering central sites with the remaining costs being covered by recharges to the relevant devolved budgets.

5. Legal

- 5.1 The contract will be procured in accordance with the rules of the framework used and the Public Contracts Regulations 2015 (as amended).

6. Value for Money

- 6.1 The new contract will improve upon the existing contract with better management information, improved controls around colour printing and will allow the council to divert print via the most economically advantageous route. The supplier will be expected to deploy software to manage and streamline the movement of documents and information throughout the organisation and collaborate with the council to transition to a “paperlite” environment.

Value for money will also be obtained as the council will look to procure a contract which encourages a reduction in print volume and number of devices throughout the life of the contract.

- 6.2 This contract will build upon the digital infrastructure that the council already has in place – which will assist the new supplier with regards to implementation, which could result in better pricing for the council. This will also allow for a smooth transition, minimising impact for staff.

7. Sustainability Impact Appraisal

One of the aims of this new procurement is to promote a reduction in print which means a reduction in paper use and carbon footprint.

8. Risk Management

- 8.1 Running a mini competition to award a contract via a suitable framework ensures that each of the suppliers have satisfied all the necessary financial criteria.
- 8.2 Upon award, a risk register will be created to monitor risks as the council transitions from the incumbent supplier to the new one. As stated above, regular meetings will be held with the supplier to ensure that tender commitments are delivered and the relevant culture change within the council is suitably supported
- 8.3 Standard framework terms will ensure that relevant provision around data and ICT security is included in the contract.

9. Community Safety

None.

10. Links to the 6 Priorities for the Borough

Making the borough fairer.

One of the key issues in making Ealing fairer is the cost effective use of resources to deliver maximum benefits for residents and business. This procurement will provide a contract which will support Ealing's workforce to be more agile by offering improved functionality and influencing culture change.

Value for Money

This procurement is aimed at providing more value and also lower costs using more modern approaches.

11. Equalities, Human Rights and Community Cohesion

A full EAA has been completed.

12. Staffing/Workforce and Accommodation implications

Depending on the bids received, there could potentially be TUPE implications although the council could take up the option of retaining staff to deliver the service on-site.

13. Property and Assets

There are no direct property and asset implications.

14. Any other implications

None.

15. Consultation

Consultation has been held with Finance, Commercial & Procurement and service area stakeholders.

16. Timetable for Implementation

This contract will be awarded in September 2018 and will commence on 24th December 2018. A timetable for implementation will be confirmed once the contract has been awarded.

17. Appendices

Appendix 1 - Print Services Category Strategy
Appendix 2 – Equalities Analysis Assessment

18. Background Information

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Cllr Yvonne Johnson	Portfolio Holder for Finance and Performance	13/03/2018	20/03/2018	Section 1.2
Kate Graefe	Head of Commercial, Procurement & DAPSS	16/02/2018	19/02/2018	Throughout
Ross Brown	Director of Finance	08/03/2018	09/03/2018	Throughout
Nick Penny	Finance Business Partner	07/03/2018	08/03/2018	Section 4
Chuhr Nijjar	Senior Contracts Lawyer	28/02/2018	12/03/2018	Section 1
Brian Khumalo	Senior Finance Business Advisor	23/02/2018	08/03/2018	Section 4
Keith Lewis	Deputy Head of Communications	15/03/2018	16/03/2018	Section 3.3
Kieran Read	Director of Strategy and Engagement	15/03/2018		

Report History

Decision type:	Urgency item?
Cabinet	No
Report no.:	Report author and contact for queries:
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