

CABINET

21 May 2019

Title: Procurement of Print and Postage Services	
Report of the Cabinet Member for Finance, Performance and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: Nick Coldicott, Programme Manager	Contact Details: Tel: 0208 227 3476 E-mail: nick.coldicott@lbbd.gov.uk
Accountable Director: Robert Overall, Director of My Place	
Accountable Strategic Leadership Director: Claire Symonds, Chief Operating Officer	
Summary: The Council has a statutory duty to secure value for money in the purchase of all its supplies and services. The Council's Transformation programme has identified the area of print and postage as one where there is potential to reduce cost, and at the same time rationalise and increase quality of service provision.	
Recommendation(s) The Cabinet is recommended to: (i) Agree that the Council proceeds with the procurement of print and postage services in accordance with the strategy set out in the report, namely that the services are procured via an existing framework(s) covering: <ul style="list-style-type: none">• General printing and postage requirements• Multi-Functional Devices (MFDs)• Specialist printing	
(ii) Authorise the Chief Operating Officer to dispose of any relevant print and post assets and equipment (including MFDs) which may be deemed surplus to requirements once a supplier(s) has been sourced; and	
(iii) Delegate authority to the Chief Operating Officer, in consultation with the Cabinet Member for Finance, Performance and Core Services and the Director of Law and Governance, to conduct the procurement and award and enter into the contract(s) and all other necessary or ancillary agreements with the successful bidder, in accordance with the strategy set out in the report.	

Reason(s)

Through successful implementation of the proposed strategy there is potential to reduce cost and at the same time increase quality of service provision. This proposal also supports the Council in achieving its priorities:

- A New Kind of Council
- Empowering People
- Inclusive Growth
- Citizenship and Participation

1. Introduction and Background

- 1.1 The printing environment in the Council is complex, with multiple frameworks and contracts being utilised for ordering printing/ post/ design services. As a result, there are multiple routes for ordering printing, creating a poorly understood, costly and confusing printing environment. Print is often linked to outgoing mail where the printed material has to be mailed out so in some instances these services are viewed as one holistic service. In the years 2016/17 and 2017/18 the Council spent a total of £1,825,847 on printing (including Multifunctional Devices, also known as MFDs), postage and printing supplies from 74 separate suppliers.
- 1.2 The Internal Print Shop currently supplies a number of the Council's print requirements ranging from Parking Charge Notices and forms to large internal print jobs. It is not able to meet all print requirements and service departments have independently negotiated a variety of contracts with other suppliers. All Print Shop products can be delivered through the market or can be replaced with alternative options, such as digitisation and there is pressure on the internal Print Shop to move from its current location as well as pressures on the department to reduce costs. This is creating an increasing challenge to its viability. A simple market test carried out in 2017 with three local suppliers showed the Internal Print Shop to be uncompetitive across all products in the cost comparison. From initial market testing external providers also provide access to better print and mail technology.
- 1.3 As well as the local market testing to assess the internal Print Shop competitiveness, a market sounding exercise was carried out with three organisations to determine the level of interest and appetite in providing a holistic print and postage solution for the council. The results were that there is significant interest and capability.
- 1.4 An Outline Business case has been completed and the findings were that the internal Print Shop is not competitive and there is potential to reduce the cost of print and postage expenditure of the Council. Through the Market Sounding exercise carried out, a number of organisations have expressed an interest in providing a holistic print, postage and Multi-functional Device (MFD) solution for the Council.

2. Proposed Procurement Strategy

- 2.1 The recommended option is to procure print and postage services via an existing single or multi-lot framework. As much of the Council's printing requirements is met by a multitude of external suppliers, this strategy will enable the Council to

rationalise its disparate printing arrangements to provide a clear route to source print services in a compliant and cost-effective way. The main services being procured would be:

- Standard print requirements for all Council departments (e.g. large print jobs, booklets, mail merges, invitations, labels, cards, packs, reports, newsletters, agendas, statements, certificates)
- Legal services case paper printing
- Democratic Services member packs
- Multi-functional Devices
- Associated postage for those services both outgoing and incoming.
- Specialist printing for services such as Communications and Policy, Parking, Electoral Registration, Revenues and Benefits, pay slips, pensions statements and cheques.

2.2 Estimated Contract Value, including the value of any uplift or extension period

2.2.1 The value of the contract is likely to be circa £5m - £15m over the contract period. This is based on the current spend on print and postage in the Council and includes the Revenues and Benefits printing and postage which Elevate are purchasing externally but which would be delivered in-house once Elevate services return during 2020.

2.3 Duration of the contract, including any options for extension

2.3.1 The framework offers terms of 3+2 years and 5+5 years. The optimum term will be determined through the tender process.

2.4 Is the contract subject to (a) the (EU) Public Contracts Regulations 2015 or (b) Concession Contracts Regulations 2016? If Yes to (a) and contract is for services, are the services for social, health, education or other services subject to the Light Touch Regime?

2.4.1 Yes, but the use of an open and accessible framework mitigates the need to advertise. However an award notice will be required to be published on Contracts Finder.

2.5 Recommended procurement procedure and reasons for the recommendation

2.5.1 This recommended procurement procedure will be to conduct a mini competition through an open and compliant Framework.

2.5.2 The use of a pre-procured framework will reduce the internal cost to procure and will reduce the time required to assess potential providers for background quality checks, as a base criteria of access has already been conducted by the framework owner. In addition, the use of a pre-procured framework will reduce the time required to conduct the procurement process.

2.5.3 The preferred framework for the purposes of this report is the NHS Clinical and Digital Information Systems (CDIS).

2.6 The contract delivery methodology and documentation to be adopted

2.6.1 The key milestones and timescales for the exercise are:

Deliverable	Timescale
Procurement Board Report	18 February 2019
Cabinet Report	22 May 2019
Successful extensions of contracts that need to be renewed during tender process	April 2019
Draft Tender specification	May 2019
Conduct Procurement exercise	June – July 2019
Award new contract	August 2019
Mobilisation and implementation	August – October 2019
Successful transfer of print and post to new provider/s	November 2019

2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract

2.7.1 Financial savings are expected come from reducing the unit cost of print jobs. Market testing analysis using the current volumes of printing would indicate a potential saving of between 26% and 64% (circa £200k-£500k per annum excluding implementation costs). This figure will be calculated more precisely once a suitable framework (or frameworks) has been in place for at least a year but our initial market testing has shown this range of savings is potentially available. In practice the savings will be realised by reducing service blocks' printing and postage budgets. The mechanism for effecting this budget reduction is to be proposed by Finance.

2.7.2 Work on capturing customer requirements has been progressing over the last month. The next step will be validation of the customer requirements before a detailed functional specification is developed. Currently there is no proposal to change any of the existing requirements to ensure the transition from existing to new arrangements is as smooth and seamless as possible. Sufficient time has been allowed to allow for proper planning, transitioning and mobilisation of new arrangements.

2.7.3 An audit of the existing MFD fleet (numbers, locations and usage levels) has just been undertaken by the current supplier. This will inform any decisions relating to numbers and locations of MFDs to be deployed in the future. Clearly, this will need to be considered in conjunction with the Council's asset management strategy and rationalisation of its property assets.

2.8 Criteria against which the tenderers are to be selected and contract is to be awarded

2.8.1 The evaluation criteria range is likely to be:

- Quality 70% / Price 30% split across the required Lots

2.8.2 A final ratio will be determined once the specification is fully developed.

2.9 **How will the procurement address and implement the Council's Social Value policies?**

- 2.9.1 The council plans to approach competition positively, taking full account of the opportunities for innovation and genuine partnerships which are available from working with others in the public, private and voluntary sectors.
- 2.9.2 It is important to maintain sustainable procurement, by engaging with local and regional suppliers to promote the local economy and taking account of the social and environmental impact of spending decisions. Opportunities will be made available to local suppliers where possible.
- 2.9.3 The contract terms and conditions will be those as set by the NHS in the formulation of the framework and its call off documents.

3. **Options Appraisal**

3.1 **Option 1 - Open Market Tender**

- 3.1.1 Rejected. The timeline involved in instigating a 2-stage open tender process would not fit with wider arrangements such as the current MFD contract.

3.2 **Option 2 – Spot purchase**

- 3.2.1 Rejected. Given the size of the organisation this option does not offer the economies of scale the Council should be attracting by including the range of services outlined and will ultimately be more expensive than other options. Under disaggregation rules this could lead to procurement activities which are not in line the Council's procurement rules and EU procurement regulations.

3.3 **Option 3 – Retain Print Shop**

- 3.3.1 Rejected. The Print Shop cannot provide all print and postage requirements of the Council and already sources external print support for some print work. Furthermore, it has been established through market testing that the Council can achieve better value in the external market.

3.4 **Option 4 – Source a print and postage solution via an existing framework**

- 3.4.1 This is the recommended option. The Council is looking to rationalise the number of print and post suppliers in order to deliver better economies of scale and therefore a more economical print and post solution. Sourcing a print and post solution from an existing framework, or series of frameworks depending on specific printing requirements will mean that the Council will not need to conduct a large procurement exercise and can take advantage of framework terms. The proposed solution could comprise of:
 - a) a single provider from one framework
 - b) a single provider who is procured from a number of frameworks (assuming they are listed on all frameworks and are successful)
 - c) multiple providers from different lots within a single framework
 - d) or multiple providers from a number of frameworks.

4. Waiver

4.1 Not required.

5. Consultation

5.1 The Business Case has been approved by Core Programme Board and agreed with Corporate Services Group (CGS). Consultation has taken place with the Corporate Director of My Place and the Portfolio Holder.

5.2 The proposals in this report were considered and endorsed by the Procurement Board at its meeting on 18 February 2019.

6. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement

6.1 The goods and services set out in this report form a complex procurement, and the framework(s) accessible to the Council, have the capabilities to provide for such complex provisions.

6.2 The evaluation criteria has been recommended as 70% quality and 30% price, subject to further review once the specification has been fully developed. Due to the technical nature and the scale of the service, providing the specification adequately captures volumes and specialist requirements this mix seems to be appropriate to deliver a quality and cost-effective service. Further consideration to the ratio ought to be given once this is in place.

6.3 It should be noted that the savings expectations should be viewed as a guide and not used for any financial forecasting as the services being required fluctuate on a regular basis, which in turn means the value can increase or decrease and would not be fixed over the contract term.

6.4 Based on this report, I do not see any reason not to endorse the recommendations made.

7. Financial Implications

Implications completed by: Katherine Heffernan, Group Manager, Service Finance

7.1 The financial benefits of using a new framework for procuring Print and Postage services will enable the council to realise part of its savings targets for the Core Services Transformation programme.

7.2 Implementation of a new framework are expected to bring reduced unit costs for the Council in meeting its print and postage requirements. The total saving is estimated to be at least £0.2m initially based on current levels of print and post activity. The costs relating to the procurement exercise will not be significant when set against the per annum savings (circa £200k). These costs and/or any Gainshare payable will be met by the savings from the exercise.

7.3 As part of its ongoing modernisation the Council should be looking to reduce the level of printing it undertakes. It will be important that the contract is flexible enough to allow this.

8. Legal Implications

Implications completed by: Kayleigh Eaton, Senior Contracts and Procurement Solicitor, Law & Governance

8.1 This report is seeking approval to proceed with a procurement for the provision of Print and Postal Services and states that the preferred framework is the NHS Clinical and Digital Information Systems (CDIS).

8.2 This report states that the total value of the procurement over the contract period will be over £500k, which is in excess of the EU threshold for service contracts and therefore requires competitive tendering via the Official Journal of the European Union (OJEU). The Public Contracts Regulations 2015 (the Regulations) permit contracting authorities to call off valid frameworks in order to procure goods, services and works, as required. In compliance with the principles of the Regulations this procurement process has to be transparent, non-discriminatory and fair.

8.3 The requirements for competitive tendering, as contained within the Council's Contracts Rules are met as Rule 5.1 (a) advises that it is not necessary for officers to embark upon a separate procurement exercise when using a Framework Agreement providing the Framework being used has been properly procured in accordance with the law and the call-off is made in line with the Framework terms and conditions.

8.4 The use of the NHS framework should satisfy the above requirements as the Council is permitted to call off from the framework, which has been set up following a compliant OJEU process for the benefit of various bodies, including local authorities, and is valid until 7th December 2020.

8.5 Contract Rule 28.8 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval. In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contracts following the procurement process with the approval of Corporate Finance.

8.5 The Law and Governance Team will be on hand to assist and advise as necessary throughout this procurement process.

9. Other Implications

9.1 Risk and Risk Management

Risks	Mitigations
Failure to properly identify full printing and post specifications.	Give additional time and project support to specifications identification

Failure to identify a suitable provider	Maintain existing arrangement or revert to framework Market Sounding exercise which has already identified interested providers
Poor integration of appointed print service	Detailed planning ahead of implementation to identify key risks and mitigate them. Maintain existing arrangement or revert to framework
Impact on key services such as Elections and Legal services through transition to a single provider	All precautions must be taken to ensure that Election materials are available. Build in to any specification requirement that specialist printing needs to be catered for via sub-contracting where appropriate
Reduced print charges lead to services increasing print expenditure	Measures to recuperate savings from services. Behaviour change and channel shift projects

- 9.2 **TUPE, other staffing and trade union implications** - It is anticipated that the closure of the Print Shop will impact three members of staff currently working within the service. If the work currently provided by the Print Shop is undertaken by one provider, there is a strong likelihood that TUPE would apply and the TUPE process including consultation will have to take place. If TUPE does not apply, then consultation in respect of redundancy, incorporating redeployment will be necessary. The time required for either process can be accommodated in the timescale set out in 2.6 above.
- 9.3 **Corporate Policy and Equality Impact** - The proposed changes to the provision of print and postage services supports the Council's priority to build a well-run organisation, as set out in the Corporate Plan 2018-2022. This priority includes delivering savings to ensure financial sustainability and being relentlessly reliable in the services we provide. These proposals aim to reduce costs and deliver a quality, cost-effective print and postage service. There are no direct equality impacts as a result of the proposed changes. This will be reviewed if any equality issues are identified through the procurement process.
- 9.4 **Property / Asset Issues** - Disposal of any relevant print and post assets and equipment (including MFDs) to be determined once a supplier has been sourced.

Public Background Papers Used in the Preparation of the Report: None

List of Appendices: None