

MANAGED PRINT SERVICES PROVISION (MFD's)
COUNCILLOR DAVID SEATON – CABINET MEMBER FOR RESOURCES AND DIGITAL PETERBOROUGH
SEPTEMBER 2016
Deadline date: 1 OCTOBER 2016

Cabinet portfolio holder: Responsible Director:	Councillor David Seaton, Cabinet Member for Resources and Digital Peterborough John Harrison, Corporate Director, Resources
Is this a Key Decision?	YES If yes has it been included on the Forward Plan : Yes Unique Key decision Reference from Forward Plan : KEY/13JUN14 /01
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	YES The attached annex is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972.
Is this a project and if so has it been registered on Verto?	NO

R E C O M M E N D A T I O N S

The Cabinet Member is recommended to:

1. Award a contract to Konica Minolta Business Solutions (UK) Ltd for the Managed Print Services Provision (Multi-Functional Devices (MFD's)) for a period of up to three years from 1st November 2016 with the option to extend by a further year, for a sum of £281,179.00 per annum (initial three year period £843,537.00, or £1,124,716.00 if the option to extend by a further year is taken up).

1. SUMMARY OF MAIN ISSUES

- 1.1 This report seeks the Cabinet Member for Resources' approval to award a replacement contract for the current Managed Print Services Provision (MFD's).
- 1.2 The Council's current contract with the Danwood Group Limited has been in place since 17 December 2007. This contract was procured through the Office of Government Commerce (OGC) now known as the Crown Commercial Service (CCS). The contract has since been extended a number of times and is no longer fit for purpose or delivers value for money. Some of the equipment is some seven years and is in need of replacement, in addition the Council's asset base is in need of rationalisation.
- 1.3 There are a number of smaller, bespoke individual arrangements that would be better placed under a main contract to deliver value for money. These individual arrangements amount to a spend of approximately £38K per annum.

- 1.4 The total current spend on managed printing devices is £490.5K
- 1.5 The baseline of the current assets is a total of 255 devices. The previous three years spend is:-

Spend	
2013/14	£515,010
2014/15	£511,859
2015/16	£490,510

A baseline of £490,510.00 was therefore assumed.

- 1.6 The summary of benefits in replacing the existing arrangements are listed below:-
- 1.1.1. A corporate contract with one supplier covering all of the Council's requirements for MFD's, printers and wide format devices with an ability to allow for additions and deletions to the asset database to a certain level would benefit the Council, particularly in any rationalisation of its property portfolio.
- 1.1.2. There is an opportunity to open up the requirement to the marketplace to achieve savings. At the time of going out to procure a new arrangement, this was estimated as being in the region of 10 to 15%.
- 1.1.3. By removing individual arrangements put in place locally by some departments will reduce the number of invoices and purchase orders being processed through the Council's finance system.

2. PURPOSE OF THIS REPORT

- 2.1 This report is for the Cabinet Member for Resources and Digital Peterborough to consider exercising delegated authority under paragraph 3.4.8 (a) of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (p).
- 2.2 The attached annex is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to financial and business affairs namely the price submitted by an unsuccessful bidder. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as to do so could; (i) compromise the Council's position in any future procurement of such services and (ii) compromise the bidder's position in the marketplace for such services.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. DETAILS OF DECISION REQUIRED

- 4.1 The Council have over the last eighteen months developed a Sourcing Strategy looking at the Council's needs in the short and medium term and has undertaken a procurement exercise utilising the Crescent Purchasing Consortium's (CPC) 'Multifunctional and Reprographics Devices and Associated Print Services' under Lot 4 'Managed Print Services Framework'. The framework is EU compliant and available to local authorities for use. The framework offers the authority to undertake further competition with a number of suppliers on the framework.

4.2 The six stage procurement process undertaken was as follows:-

- Stage 1: A 'Capability assessment' was issued to all suppliers on Lot 4
- Stage 2: Suppliers responded to the Capability Assessment with specific responses to questions. Two suppliers declined the opportunity to tender, one supplier did not respond.
- Stage 3: An evaluation of the responses was undertaken and two suppliers were shortlisted.
- Stage 4: Both suppliers are invited to carry out a print audit of the location of printers and MFD's within Council sites and to produce a print policy and rules to back their commercial offering in solution design.
- Stage 5: The council evaluated the solution design and commercial model supplied by both suppliers ensuring it meets the requirements of the Capability Assessment based on the criteria within the framework model 60% quality, 40% cost. Further clarification was sought from each supplier. The results of the evaluation were;

Supplier A : 89%
Supplier B : 86%

- Stage 6: A full due diligence process is undertaken and a recommendation was made to award the contract to Supplier A : Konica Minolta Business Solutions (UK) Ltd.

4.3 The commercial model put forward by Konica Minolta Business Solutions (UK) Ltd will cost £281,179.00 per annum against the current cost of £490,510.00 per annum, saving the Council £209,331.00 per annum. A summary table of the cost benefit analysis demonstrated below:-

Current position		New contract	
	MFD contract		MFD contract
	Total per annum		Total per annum
	£280,511		£91,105
	Kyocera devices		Kyocera devices
	Total per annum		Total per annum
	£127,484		£94,467
	Print room		Print room
	Total per annum		Total per annum
	£54,346		£21,163
	Other devices		Other devices
	Total per annum		Total per annum
	£27,352		£74,444
	£490,510		£281,179

4.4 A decision is required by the Cabinet Member for Resources and Digital Peterborough to approve the procurement route undertaken, its outcome and the award of a contract to Konica Minolta Business Solutions as set out in the recommendations above.

5. CONSULTATION

- 5.1 Consultation was undertaken with Directors, Assistant Directors, Heads of Service and other members of staff. Each service area was contacted to discuss the impact of the changes, effect on service provision etc.

6. ANTICIPATED OUTCOMES

- 6.1 The anticipated outcome of this report is to award a contract to Konica Minolta Business Solutions for the Managed Service Print Provision for the amount specified in the recommendations above. A print policy will be adopted once the award has been formalised.

7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION

- 7.1 The reasons for recommendation are outlined in the benefits section in section 1.5 above, notably to rationalise the print asset base, reduce cost to the Council and rationalise the number of suppliers.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 **Do nothing:** Discounted on the basis that the Council requires MFD's and print provision.
- 8.2 **Consider other options:** Consideration was given to purchasing MFD's and printers through the contract rather than leasing them. This was discounted on the basis that there was no advantage in making the capital investment and that there is no flexibility provision in a changing property portfolio.

9. IMPLICATIONS

- 9.1 The financial implications are that the Council will be committed to a contract for at least three years. In that time, the Council to move to a new corporate office at Fletton Quays. Provision for some flexibility within the contract has been built in to accommodate this. In addition, by adopting a new print policy, the Council will reduce energy consumption by rationalising the number of devices and thus reduce the impact on the environment.
- 9.2 Legal implications – The managed print services framework was procured under the Public Contracts Regulations 2006 and permits the Council to use the framework for the purposes of undertaking a procurement exercise and subsequent award of contract.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

None.

11. BACKGROUND DOCUMENTS

None.