

MANAGED PRINT SERVICES PROVISION (MFD's)
COUNCILLOR MOHAMMED FAROOQ – CABINET MEMBER FOR DIGITAL SERVICES AND TRANSFORMATION
August 2019
Deadline date: August 2019

Cabinet portfolio holder: Responsible Director:	Councillor Mohammed Farooq, Cabinet Member for Digital Services and Transformation Peter Carpenter, Acting Director Corporate 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/5AUG19/01
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	NO
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
<p>The Cabinet Member is recommended to:</p> <p>Award a contract to Specialist Computer Centre Ltd for the Managed Print Services Provision (Multi - Functional Devices (MFD's) for a period of up to five years for a sum of £86,912 per annum for machines lease and approx £72,000 per annum for usage (based on the 2018/2019 volumes and click charge of: £0.0022 mono and £0.022 colour).</p>

1. SUMMARY OF MAIN ISSUES

- 1.1 This report seeks the Cabinet Member for ICT strategy and Digital transformation approval to award a replacement contract for the current Managed Print Services Provision (MFD's).
- 1.2 The Council's current contract with the Konica Minolta East Solutions Limited has been in place since the 1st of November 2016. At the time, a compliant procurement process was undertaken by the procurement team under an EU compliant framework through the Crescent Purchasing Consortium. The contract has an option to extend for a further year till 31st of October 2020. Following Soft Market testing conducted by the procurement team the current solution delivers value for money but in light of the office moves between 2018/19 the solution

is no longer fit for purpose and further savings can be obtained. The market research has shown that click charges can be reduced and based on the current SMH office changes the Council's asset base is in need of rationalisation. The rationalisation can not be achieved under the current arrangement as the contract with Konica Minolta includes 10% flexibility clause which was exhausted during office moves in 2018.

- 1.3 In addition there is a need to implement a basic storefront solution including Management Information (MI) software in the Print Room (reprographic department located in Town Hall).
- 1.4 The total current spend on managed printing devices is £218K.
- 1.5 The baseline of the current assets is a total of 147 devices. The 2017/2018 spend is:-

Quarter	Spend*
Q1	£ 51,284.52
Q2	£ 48,310.34
Q3	£ 47,278.29
Q4	£ 49,588.87

*Costs including lease and click charges

Previous baseline per annum: £490,510.33
 New baseline assumed: £218,052.3¹

- 1.6 The summary of benefits in replacing the existing arrangements are listed below:-
 - 1.6.1 Efficiency savings: resources of the project. The project can be delivered as a full procurement/implementation project in 2020 (with current Konica Minolta contract extension) and will take up approx. 9 months and full resource time. The option recommended is to award the supplier through the framework in August 2019 and follow the light touch approach: implementation that leads to current software upgrade (from DocuPro to Cirros) rather than change to a different software type that will lead to full IT implementation. This approach leads to reduced resource implementation need.
 - 1.6.2 Efficiencies and savings of the new contract: full fleet audit and introduction of the equipment more relevant to the new set up in Sand Martin House;
 - 1.6.3 Efficiency savings: introduction of Card readers that will yield staff efficiency and time saving.
 - 1.6.4 New software that can be potentially used as Shared Service with Cambridgeshire and any other Local Authority (this will incur additional cost when implemented).
 - 1.6.5 New more suited equipment for the SMH site and other locations.
 - 1.6.6 New Cirros software (which is an upgrade of the current DocuPro) to be compatible with the solution in Libraries so no further costs incurred.
 - 1.6.7 New Cirros software gives opportunity to implement a basic version of storefront solution that allows detailed MI of the internal Print Room (approx £2k per annum vs £3k per quarter quoted by the incumbent). This has been offered free of charge in the first year.
 - 1.6.8 The additional machine for the Print Room (reprographic department in Town Hall) worth £15k donated by the supplier free of charge. This machine was a residue after contract implementation in Derbyshire County Council. The supplier to

¹ Includes £15k allowance for:

- Wide Format devices consumables cost
- Volume adjustment due to DCA counting software error
- Volume adjustment for unknown print volume of new services like: Peterborough limited

provide maintenance and consumables free of charge.

- 1.6.9 Solution that with further investment provides opportunity for a shared service between Peterborough City Council and Cambridgeshire County Council.

- 1.7 The projected spend for total of 126 devices is:-

Quarter	Spend*
Q1	Lease: £ 21,728 Approx. usage: £18,000
Q2	Lease: £ 21,728 Approx. usage: £18,000
Q3	Lease: £ 21,728 Approx. usage: £18,000
Q4	Lease: £ 21,728 Approx. usage: £18,000

Baseline assumed: £218,052.3

Projected spend: = £158,912*

*excl. Wide Format Devices consumables

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 (a).
- 2.2 With the approval of the Chairman of Growth, Environment, and Resources Committee, the special urgency procedure has been invoked to suspend the requirement to publish the decision for five days. This procedure has been invoked to ensure that the project can be implemented within very challenging timescales. The new contract commencement is 1st of November which leaves only 2 months (September and October) to finalize the size of the fleet, arrange relevant IT resources and infrastructure, implement, manage change across the organisation and assure smooth exit/entry of the contract with the incumbent supplier. The decision to progress with this project was delayed due to the detailed negotiations with the supplier on: contract (lease and usage) charge, contract term, contract flexibility, other value added services provided to the Council free of charge. Furthermore the incumbent supplier (Konica Minolta East Solutions Ltd) provided the quote for the available 1 year extension which had to be explored and considered. This option was discarded due to the fact that reduced quarterly charge was offered based on 60% fleet reduction rather than lease charge reduction.

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 Serco Procurement Team have over the last 5 months developed a Business Case looking at the Council's needs in the short and medium term and has undertaken a procurement exercise utilising the HealthTrust Europe framework- Information-Communication-ICT-Solutions-Framework (Lot 1 and Lot 2: Hardware and Software), which, after a benchmark exercise, will provide minimum 10-20% savings on the existing contract.

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 or directly award selected supplier that offers most economically advantageous solution.

4.2 The procurement process undertaken was as follows:-

Stage 1: Market testing and site visits including Nottinghamshire County Council, London Borough of Hackney, London Borough of Newham.

Stage 2: Quotes with supplier that successfully delivered Managed Print Solution in Nottinghamshire County Council- Specialist Computer Centre Ltd. (SCC).

Stage 3: Intent letter sent to Specialist Computer Centre Ltd. (SCC).

Stage 4: Supplier invited to carry out a print audit of the location of printers and MFD's within Council sites and to produce a commercial offering in solution design.

Stage 5: The council evaluated the solution design and commercial model supplied by the supplier ensuring it meets the requirements.

Stage 6: A full due diligence process is undertaken and a recommendation is made to the Stakeholders. A recommendation is made to Directly award the contract to Specialist Computer Centre Ltd. (SCC) for the Managed Service Print Provision.

4.3 The commercial model put forward by Specialist Computer Centre Ltd. (SCC) will cost £86,912 per annum for machines lease and approx £72,000 per annum for usage (based on the 2018/2019 volumes and click charge of: £0.0022 mono and £0.022 colour). This totals to £158,912 against the current cost of £218,052 per annum, saving the Council approx. £59k per annum. Further savings will be identified throughout the contract management and utilising the flexibility clause negotiated with the supplier.

Year 1

- 100% of A4 equipment can be returned to the Supplier from the Authority free of charge.

Year 2

- 100 % of A4 MFDs and printers can be returned to the Supplier from the Authority free of charge.

Year 3

- 50% of A3 MFDs can be returned to the Supplier from the Authority free of charge.
- 100 % of A4 MFDs and printers can be returned to the Supplier from the Authority free of charge.

Year 4

- 50% of A3 MFDs can be returned to the Supplier from the Authority free of charge.
- 100 % of A4 MFDs and printers can be returned to the Supplier from the Authority free of charge.

Year 5

- 50% of A3 MFDs can be returned to the Supplier from the Authority free of charge.
- 100 % of A4 MFDs and printers can be returned to the Supplier from the Authority free of charge.

This equates to a 73% flexibility rate within the contract at no financial penalty to the Authority.

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

Specialist Computer Centre Ltd as set out in the recommendations above.

5. CONSULTATION

- 5.1 Consultation was undertaken with Director of Resources, Director of Customer and Digital, Heads of Service and other members of staff. The communication was issued on Insite as well as Change Champion Network was used to approach various service areas.

6. ANTICIPATED OUTCOMES

- 6.1 The anticipated outcome of this report is to award a contract to Specialist Computer Centre Ltd. (SCC) for the Managed Service Print Provision for the amount specified in the recommendations above. A new print policy will be adopted once the award has been formalised.

7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION

- 7.1 The reasons for recommendations 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

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 Financial Implications

The financial implications are that the Council will be committed to a contract for at least three years. 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 legal implications are that the Council must ensure that they are permitted to call off from the framework agreement by ensuring that they have been named as potential purchasers in the Ojeu notice and comply with the procedures set out in the framework agreement when awarding call off contracts.

9.3 Equalities Implications

There are no equalities implications arising from this recommendations.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

None.

11. BACKGROUND DOCUMENTS

None.

