



**Haringey Council**

<b>Report for:</b>	<b>Cabinet Member Signing on 10<sup>th</sup> March 2015</b>	<b>Item Number:</b>	<b>1</b>
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<b>Title:</b>	<b>Procurement of a Managed Print Service for the London Borough of Haringey</b>
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<b>Report Authorised by:</b>	<b>Tracie Evans Chief Operating Officer</b>
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<b>Lead Officer:</b>	<b>David Hatley Head of Supplier Management, IT Services</b>
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<b>Ward(s) affected: All</b>	<b>Report for Key Decisions: Yes</b>
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## **1. Describe the issue under consideration**

The Council has a mixed fleet of standalone printers and multifunctional print devices (MFD's) which are no longer fit for purpose within our new office environments. This report is concerned with the award of a call off contract to deliver modern MFD's

- 1.1. The new fleet of modern printers will allow the Council to manage and monitor printing much more closely to ensure value for money.

## **2. Cabinet Member Introduction**

- 2.1 The Council is changing to a "Smart Working" environment as part of the New Ways of Working Programme. This means that as we reduce the number of buildings we locate our staff in, we will need to change the working practices so that we have standard operating processes driving efficiency.

- 2.2 The standardisation of Multifunctional print devices (MFD's) are one of the ways to ensure efficiency in a modern office environment.



### **3. Recommendations**

- 3.1 That the Member for Resources and Culture award a contract for the provision of a Managed Print Service to Konica Minolta Business Solutions (UK) Limited. This award of contract will be conditional on completion of due diligence by both parties including the Bidder reviewing all of the Council's estate and the Council establishing that the technology will operate in its environment. These activities are onerous and would have led to delay and increased cost for all parties.
- 3.2 If the due diligence is successful, it is recommended that confirmation of the award is delegated by the Lead Member to the Chief Operating Officer to confirm the award.
- 3.3 If the due diligence leads to an increased cost or inability to provide the services bid for, then the award will not be confirmed and if appropriate, the Cabinet/Cabinet Member may be approached to approve an award to the second highest scoring bidder.
- 3.4 The contract will run for a period of 3 years with an option to extend for a further two periods of one year each. This will represent a total anticipated cost over the 5 years of £1.2m which represents a saving of £125k over the current arrangements.

### **4. Alternative options considered**

- 4.1 Do nothing. We can continue to manage the printer fleet on an ad hoc basis leasing new machines as required. This approach will not be responsive enough for the smart working or accommodation programmes and will not provide the anticipated savings.
- 4.2 Alternative frameworks. The Council had considered using the Westminster City Council (WCC) Managed print framework for the appointment of a new supplier. However, the timescales did not meet those of the Council.
- 4.3 OJEU tender. The Council could have issued an OJEU tender to approach the whole market but this route was felt to be excessive as there was a pre-let CCS framework available to use. The framework will reduce the procurement requirement on the Council and terms and conditions are pre-agreed.

### **5. Background information**



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- 5.1 The Council currently has a mixture of print devices to support the business and there is a lack of consistency in how the devices are deployed and managed.
- 5.2 There are 191 Multi Function Devices (MFDs) leased from Xerox with many either operating with an expired lease or approaching the end of their lease period. There are in addition 175 locally installed networked printers currently being used across the Council. These devices are unsupported and are expensive to use and maintain.
- 5.3 There is a general level of dissatisfaction with the current levels of support. Devices are regularly experiencing problems and the response of the incumbent supplier in resolving these is unsatisfactory.
- 5.4 The Council wants to extend the use of MFDs to provide a secure and confidential printing, copying, scanning and faxing solution all from one device. The new supplier will be required to manage all legacy devices.
- 5.5 This new contract will replace the current print service. A managed print service will assess, optimise and manage the document output environment which will lower costs and improve efficiencies through rationalising the printer environment and leveraging existing investment.
- 5.6 As part of the Council's SMART Working Programme all staff will require the ability to "print from anywhere" e.g. send work to print and be able to collect it at any Council site with an MFD.
- 5.7 Pricing will be based upon a 'cost per seat/head' or cost per impression' that includes all maintenance, toners and staples but excludes copier paper. The Council wants a reduction in both the number and types of devices with more efficient devices to reduce the overall cost of printing. An annual saving of £25,000 to £30,000 is being targeted across the Council.
- 5.8 The Council requires more energy efficient devices to support its carbon reduction targets. All devices supplied by the provider must meet the Government's Energy Star rating. The current fleet of MFDs use more energy than those that have an Energy Star rating. Energy savings of up to 20% can be achieved by Energy Star rated devices.
- 5.9 The Council has chosen to undertake a competition under the Crown Commercial Service Multifunctional Devices and Services, Managed Print Services and Print Audit Services (RM1599 Lot 3) Framework Agreement to procure a new supplier for the delivery of the managed print service. There are 4 suppliers listed on the framework.
- 5.10 The evaluation of suppliers was conducted in accordance with the following criteria:  
  
Quality – 30%



The tender evaluation criteria and weighting were set out in the tender documents and clarified during the tendering process. Three of the companies on the framework chose to bid.

The table below shows the detail of the winning tenderer:

<b>Tenderers</b>	<b>Quality Scores</b>	<b>Price/Cost Scores</b>	<b>Total Scores</b>
<b>Company A</b>	22%	49%	71%
<b>Konica</b>	24%	70%	94%
<b>Company C</b>	19%	55%	74%

5.11 The recommendation is to award the contract to Konica Minolta, the 1<sup>st</sup> ranked bidder, subject to them passing the due diligence phase as described in paragraph 3. In the event that the due diligence is not successful the 2<sup>nd</sup> placed bidder's proposal will be reviewed and a further report brought to Cabinet/ Cabinet Member if that is the route followed.

5.12 Konica are experienced in the Local Government market counting such customers as the London Borough of Barking and Dagenham, City of London Corporation and Milton Keynes Council.

5.13 See Appendix A for exempt information

## **6 Transition and Contract Management**

6.1 Contract management will be incorporated into the Contract which is the standard CCS terms and conditions. Key Performance Indicators are integrated within the service specification and will be monitored through contract monitoring meetings and reports.

6.2 Monitoring meetings will be held at least quarterly and monthly in the first 6 months of the contract. The purpose of the meetings will be to examine the implementation of the service, monitor delivery of the service at an operational level and to foster partnership working to facilitate early resolution of any issues.



**7. Comments of the Chief Finance Officer and Financial Implications**

- 7.1. This report seeks Lead Member approval for the award of a 3 year contract for the provision of a new Managed Print Service (with the option to extend for a further 2 years). The new contract is expected to deliver cost benefits to Haringey with overall savings against the budget for the current arrangements over the 5 years of £125,000. This anticipated saving will be expected to contribute towards the Councils corporate savings targets.
- 7.2. The costings to date provided by the Service, have been reviewed and appear reasonable. However it is noted that the award of the contract is still conditional on completion of due diligence by both parties, as stated in paragraph 3.1/3.2 above, and that this could lead to an increased cost. In the event of this, further financial comments will need to be provided.

**8. Assistant Director of Corporate Governance and legal implications**

- 8.1 The Assistant Director of Corporate Governance notes the contents of the report.
- 8.2 The Council has followed a mini-competition under the Crown Commercial Services Print Services Framework Agreement (Lot 3), a process which is compliant with The Public Contracts Regulations 2006 (as amended).
- 8.3 The business unit wishes to recommend an award to Konica Minolta Business Solutions (UK) Ltd on the basis of most economically advantageous tender. The award is conditional on satisfactory due diligence testing by the recommended provider. The Cabinet Member has power to approve the award under CSO 16.02 (Decisions required in-between Cabinet Meetings).
- 8.4 In the event that the due diligence testing is successful, a recommendation is submitted that confirmation of the award is delegated to the Chief Operating Officer. This is allowed under Section 15 of the Local Government Act 2000.
- 8.5 In the event that the testing is unsuccessful, it is proposed that the award of contract to Konica Minolta Business Solutions (UK) is not confirmed. In these circumstances and if appropriate, the business unit may prepare a further report to Cabinet /Cabinet Member recommending an award to the second lowest bidder.
- 8.6 The award of the contract is a Key Decision and, as such, needs to be included in the Forward Plan in accordance with CSO 3.01 (d).
- 8.7 The Assistant Director of Corporate Governance confirms that there are no legal reasons preventing the Cabinet Member from approving the recommendations in the report.



## **9. Equalities and Community Cohesion Comments**

9.1 There are no equalities or community cohesion implications.

## **10. Head of Procurement Comments**

10.1 The Council has used a Framework Agreement administered by Crown Commercial Services, reference RM1599 for Multifunctional Devices and Services, Lot 3 of the Framework Agreement has been identified as meeting the Council's requirements for Managed Print Services and Print Audit Services.

10.2 Subject to a due diligence exercise the requirements of the Council a contract will be awarded to Konica Minolta Business Solutions (UK) Ltd.

10.3 Due to the value of the contract to be awarded the commissioner is required to bring this contract award to the Forward Plan and inform Council.

10.4 There may be a subsequent report required in the event that Konica Minolta Business Solutions (UK) Ltd declines to accept the awarded contract.

## **11. Reasons for Decision**

11.1 The Council requires a managed print service to optimise its performance and value from printing services. A further competition was initiated under the Crown Commercial Service framework and, based on the evaluation, was won by Konica Minolta.

## **12. Use of Appendices**

12.1. Appendix A, Exempt Information

## **13. Local Government (Access to Information) Act 1985**

13.1. This report contains exempt and non exempt information. Exempt information is contained in Appendix A and is not for publication. The exempt information is under the following category: (identified in the amended schedule 12 A of the Local Government Act 1972 (3)) information in relation to financial or the business affairs of any particular person (including the authority holding that information).



**Haringey** Council