

Report of Claudine Dawson, Assistant Head of BSC – InSite, Mail and Print

Report to Chief Officer Shared Services

Date: 1 July 2018

Subject: Print Unit Supplies

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes	X No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	X No - Assessment completed 1.7.2018
Is the decision eligible for call-in?	<input type="checkbox"/> Yes	X No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes	X No

Summary of main issues

1. Historically, the print unit has used a number of suppliers to provide print and signage materials without having sought competition or putting formalised contracts in place. The annual value of these orders ranges up to £70,000 per year. It is therefore acknowledged that the unit may have been in breach of the council's Contract Procedure Rules with some of these purchases.
2. In compliance with the CPRs it is now proposed that a new procurement exercise is undertaken. However, it is anticipated that such an exercise will take 12 months before contracts and framework arrangements can be established for the range of print and signage supplies that the service needs.
3. So in order to ensure continuity of service it is proposed that the process outlined at section 3 of this report is put in place which will allow the print unit to continue placing orders for supplies during the period of the procurement exercise.

Recommendations

4. The Chief Officer of Shared Services is recommended to approve the process set out below to enable the print unit to place orders directly with a range of possible providers without a formal contract in place, to cover an interim period of up to twelve (12) months commencing on the 1 August 2018, whilst new contracts for these services are procured –
 - i. Where there is *only one provider* who can deliver the service the chief officer is asked to waive CPRs 8.1 and 8.2 if the spend is between £10K and £100K and 9.1 and 9.2 where the spend is over £100K and award a contract for these services directly without seeking competition.

Examples of this are Royal Mail for first class mail and parcel deliveries; Konica Minolta Business Solutions for the on-going maintenance of Konica print equipment installed at the print unit; and a number of suppliers such as Kloeckner Metals who are the sole supplier to comply with BSEN 12899 which is required by the council to retain its accreditation.

Appendix 1 identifies the full list of suppliers where there is no alternative supplier.

- ii. Where an *individual purchase* of supplies is valued at less than £10,000 it is proposed that under CPR 7.1 – 7.3 this can be undertaken by obtaining three quotes. The chief officer agrees that the print operations manager may select which supplier represents best value based upon cost, and timescales, without referring back to the chief officer for a decision on a case by case basis, provided this decision is recorded in the council's financial management system, and a record is kept on the procuring officer's file for audit purposes.
- iii. Where *annual spend* is expected to be below £25k with a single supplier, it is proposed that such orders are placed direct with those providers by utilising CPR 7.2 which allows officers to place a direct order without seeking competition if the chief officer believes that it represents Best Value for the council to do so.

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Appendix 2 identifies the suppliers used and the amount of spend in 2017-18. It is expected that the same suppliers will be used throughout the interim period. The annual spend for 2018-19 is estimated to be within 12% of last year's figures.

- iv. Appendix 3 lists the annual spend that will remain in breach of CPRs until contracts can be put in place. It is proposed that these are prioritised and contracts arranged within the next 12 months to bring the print unit back in to compliance with the council's contract procedure rules.

1 Purpose of this report

- 1.1 The purpose of this report is to seek approval for the proposed process to be followed to ensure compliance with CPRs and allow the print unit to place orders for supplies during the period where we are undertaking a procurement exercise. The process will allow the print unit to continue to function whilst new contracts are being put in place, which is anticipated to be by the end of July 2019.

2 Background information

- 2.1 The print unit provides critical print and signage work for the council and external clients. This includes the print production and delivery of many time and legally sensitive print and mailing projects. This can vary from members' agendas, court enforcement orders, to transactional notifications, marketing materials for public events, and a range of signage fitted across the city and to external clients.
- 2.2 Much of the service's work is received at short notice, and is time-critical. Essential supplies needed to fulfil a job are often specialist in nature, available from a limited number of merchants. Because the materials cannot be widely sourced, and the jobs are received at short notice, it is not practical to obtain three quotes. The unit has undertaken regular market tests to ascertain which provider offers best value, and supplies are purchased in a just-in-time manner where cost and ability to meet delivery requirements is taken in to account.

2.3 A procurement process is planned which will address the time pressure issues, and this process should be completed by the end of July 2019. This report seeks to put in place interim measures whilst a range of contracts are established.

2.4 Spend falls in to the following broad groups –

- i. Direct awards where there is a sole provider able to meet our requirements
- ii. Low value individual purchases under £10k
- iii. Mid value annual spend below £25k
- iv. Higher value spend off contract between £25k - £100k

3 Main issues

3.1 In order to limit any consequences for service delivery whilst contracts are established, it is proposed that the processes set out in this report are approved by the chief officer of shared services -.

- i. Where there is *only one provider* who can deliver the service the chief officer is asked to waive CPRs 8.1 and 8.2 if the spend is between £10K and £100K and 9.1 and 9.2 where the spend is over £100K and award a contract for these services directly without seeking competition. Examples of this are Royal Mail for first class mail and parcel deliveries; Konica Minolta Business Solutions for the on-going maintenance of Konica print equipment installed at the print unit; and a number of suppliers such as Kloeckner Metals who are the sole supplier to comply with BSEN 12899 which is required by the council to retain it's accreditation.

Appendix 1 identifies the full list of suppliers where there is no alternative supplier.

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- iii. Where *annual spend* is expected to be below £25k with a single supplier, it is proposed that such orders are placed direct with those providers by utilising CPR 7.2 which allows officers to place a direct order without seeking competition if the chief officer believes that it represents Best Value for the council to do so.

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Appendix 2 identifies the suppliers used and the amount of spend in 2017-18. It is expected that the same suppliers will be used throughout the interim period. The annual spend for 2018-19 is estimated to be within 12% of last year's figures.

- iv. Appendix 3 lists the annual spend that will remain in breach of CPRs until contracts can be put in place. It is proposed that these are prioritised within the next 12 months to bring the print unit back in to compliance with the council's contract procedure rules.

4 Consequences if the proposed action is not approved

- 4.1 If these proposals are not adopted, this will fundamentally affect the print unit's ability to provide quality services within the business's expectations. Orders will be delayed, work relating to statutory requirements could be late exposing the council to fines, and the quality of the orders may be placed at risk.

5 Corporate Considerations

5.1 Consultation and Engagement

This proposal has been discussed with Procurement and Commercial Services

5.2 Equality and Diversity / Cohesion and Integration

Assessment completed 1 July 2018 and not relevant to this waiver.

5.3 Council Policies and Best Council Plan

Contract procedure rules

Financial procedure rules

Being more enterprising and efficient

Spending money wisely

5.4 Resources and Value for Money

This arrangement will support the council to continue to provide best value in-house printing and signs, whilst formal contracts and framework arrangements are negotiated.

5.5 Legal Implications, Access to Information and Call In

- 5.5.1 The value of any individual order placed under these arrangements is not expected to exceed £181,000 and as such the decision is a Significant Operational Decision that is not eligible for call in. There are no grounds for keeping the content of this report confidential under the Access to Information Rules.
- 5.5.2 Ordering services directly from agencies in this way could leave the council open to potential claims from other providers to whom these orders may be of interest, that it has not been wholly transparent. In terms of transparency, it should be noted that case law suggests that the council should always consider whether contracts of a value above £10K may be of interest to providers in other member states, and if it would, the opportunity should be subject to a degree of European wide advertising. It would be up to the council to decide what degree of advertising was appropriate and, in particular, consideration should be given to the subject matter of the contract, its estimated value, the specifics of the sector concerned (size and structure of the market, commercial practices etc.) and the geographical location of the place of performance.
- 5.5.3 The chief officer of shared services has considered this and due to the relatively small value of any individual order and the requirement to physically provide the service in the city of Leeds, is of the view that the scope and nature of the services is such that it would not be of interest to suppliers in other EU member states

5.5.4 There is a risk of an ombudsman investigation arising from a complaint that the council has not followed reasonable procedures, resulting in a loss of opportunity. Obviously, the complainant would have to establish maladministration. It is not considered that such an investigation would necessarily result in a finding of maladministration, however, such investigations are by their nature more subjective than legal proceedings.

5.5.5 Although there is no overriding legal obstacle preventing the process set out in this report being followed the above comments should be noted. In making a final decision, the chief officer of shared services should be satisfied that the course of action proposed represents best value for money to the council.

5.6 Risk Management

N/A

6 Conclusions

6.1 A number of suppliers have historically been used by the print unit, some of which have been off contract or not complied with the council's CPRs. Time is needed to understand what contracts are required and to put these in place. On balance it is felt the best interim solution is to follow the course of action set out in this report.

7 Recommendations

7.1 The chief officer of shared services is recommended to approve the process set out below to enable the print unit to place orders directly with a range of possible providers without a formal contract in place, to cover an interim period of up to twelve (12) months commencing on the 1 August 2018, whilst new contracts for these services are procured.

- i. Where there is *only one provider* who can deliver the service the chief officer is asked to waive CPRs 8.1 and 8.2 if the spend is between £10K and £100K and 9.1 and 9.2 where the spend is over £100K and award a contract for these services directly without seeking competition. Examples of this are Royal Mail for first class mail and parcel deliveries; Konica Minolta Business Solutions for the on-going maintenance of Konica print equipment installed at the print unit; and a number of suppliers such as Kloeckner Metals who are the sole supplier to comply with BSEN 12899 which is required by the council to retain its accreditation.

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8 Background documents

N/A

Appendix 1**Non-influence able spend (sole supplier)**

Supplier	Total spend 2017-18	Estimated spend 2018-19 (12% increase in costs)	Reason
Royal Mail (first class, parcels and special delivery)	£38,453	£43,067	Sole supplier
Konica Minolta Business Solutions	£36,798	£41,214	Sole contractor who can service their own equipment
Kloeckner Metals UK	£29,157	£32,656	Compliance with BSEN 12899
Blackburns Metals Limited	£21,974	£24,611	Compliance with BSEN 12899
Rennicks	£19,939	£22,332	Compliance with BSEN 12899
Kiss Graphics	£14,217	£15,923	Sole supplier
Hirst Signs Ltd	11,529	12,912	Compliance with BSEN 12899
Communis Transactional Print Services	£3,125	£3,500	Sole supplier of NatWest Bank Cheque books

Appendix 2**Annual spend below £25,000 - 3 quotes**

Supplier	Total spend 2017-18	Estimated spend 2018-19 (12% increase in costs)
Angus Print Ltd	£37,619	less than £25,000
Metamark UK Ltd	£19,783	£22,156.96
Paul Turner Signwriters Ltd	£19,549	£21,894.88
AD3 Envelope Printers Limited	£14,438	£16,170.56
Document Management Solutions Ltd	£12,593	£14,104.16
Bahson Colour Print Ltd	£12,383	£13,868.96

Appendix 3**Non - compliant spend**

Supplier	Total spend 2017-18	Estimated spend 2018-19 (12% increase in costs)
Premier Paper Group Ltd	£64,398	£72,125.76
Reflex Print & Design Ltd	£63,518	£71,140.16
Vision Leeds	£56,006	£62,726.72
Rnb Group	£43,951	£49,225.12
Signs Express Leeds	£25,940	£29,052.80
Spellman Walker	£23,631	£26,466.72