

**Report of**     **Andrew Byrom Head of Operational Services**

**Report to**     **Chief Digital and Information Officer**

**Date:**         **29<sup>th</sup> January 2019**

**Subject:**     **Approval to award a two year extension to Canon PLC for LCCITS130014  
Managed Print (YORE-9D9J8Y)**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

### **Summary of main issues**

1. The Council has in place a contract for managed print services with Canon PLC. This contract was awarded 13<sup>th</sup> October 2014 for a period of five years, ceasing on the 31<sup>st</sup> October 2019.
2. After assessing the usage of the print fleet over the first four years of the contract, the average lifetime usage to date is approximately 15%. It is therefore recommended that these devices are purchased and a services contract under the RM1599 terms and conditions is operated for a further two years.
3. Due to the low volume usage over the first four years of the contract, it is intended that the amount of printers deployed in the estate is reduced from 820 to approximately 500 devices.

### **Recommendations**

4. The Chief Digital and Information Officer is recommended to approve the capital purchase of the print fleet and a two year extension of the services contract via the RM1599 framework.

## **1 Purpose of this report**

- 1.1 This report seeks approval from the Chief Digital and Information Officer to approve the capital purchase of the print fleet and a two year extension of the services contract via the RM1599 framework.

## **2 Background information**

- 2.1 The Councils previous contract for the Managed Print services expires on the 12<sup>th</sup> October 2019.
- 2.2 An assessment of the usage of the print fleet over the first four years of the contract has been undertaken and identified that average lifetime usage to date is approximately 15%.
- 2.3 Due to the low device usage over the contract these devices will be able to run for at least another two years.
- 2.4 The low usage also allows the ability to reduce the size of the print fleet from 820 to 500 which will significantly reduce the service contract required over this two year term.
- 2.5 Discussions with Canon PLC have established that Leeds CC can purchase the fleet and then run a managed services contract for a two year period to allow us to sweat the asset and make a significant in year saving of approximately £250k per year.

## **3 Main issues**

- 3.1 The RM1599 Crown Commercial Services contract was used to procure the managed print services contract with Canon PLC in 2014. In the call off no extension options were included.
- 3.2 The print fleet has been leased over 20 quarters, the billing identifies the lease cost and service cost as separate items.
- 3.3 Through discussions with Canon PLC and Yorkshire Purchasing Organisation it has been established that other local authorities and blue light organisations have taken a similar approach to extend existing contracts where it can be established that a significant saving can be made through reuse.
- 3.4 Given the fact that the fleet has a considerable run time left, it is best value in terms of spending money wisely to purchase the fleet and continue to run it for another 2 years.
- 3.5 The devices which will remain in service will be the ones with the lowest usage over the term of the contract, with the rest being returned to Canon PLC.
- 3.6 The approach recommended also provides cost savings to Leeds CC through the removal of a requirement to undertake a procurement exercise which could result in a change of supplier and the cost of change that this would incur. It is noted though that in two years this activity will have to be taken.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 The Procurement Manager, DIS Strategic Sourcing Team and Legal Services have been consulted.

## **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 There are no Equality and Diversity / Cohesion and Integration issues associated with this decision.

## **4.3 Council Policies and City Priorities**

- 4.3.1 The services that DIS provide are fundamental in enabling the Council to provide services to users, citizens and partners. Print is an important business function required across all departments.

## **4.4 Resources and Value for Money**

- 4.4.1 The approach being recommended will allow Leeds City Council to continue to use an asset which has been invested in for a further two years and make a significant saving in the region of £250k per annum.
- 4.4.2 The capital cost of buying the remaining 500 devices is still in negotiation but will be in the region of £100k. This will be funded through the DIS ESP (essential services programme) fund.
- 4.4.3 There will be a quarterly software and hardware service charge of approx. £25k per quarter, payable for 8 quarters. The total cost will be approx. £200k over the lifetime of the contract.
- 4.4.4 There will be a quarterly 'click charge' based on the number of pages printed. This is estimated, based on current usage and print reduction forecasts, to be approx. £70k per quarter, payable for 8 quarters.

## **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 This decision is a Key Decision which is subject to call-in.
- 4.5.2 In making their final decision, the Chief Digital and information Officer should note the content of this report and be satisfied that the course of action chosen represents best value for the Council.

## **5 Risk Management**

- 5.1 There is a low risk of another print supplier legally challenging this contract extension.
- 5.2 The ongoing management of the Printsmart service will be unaffected and will continue to provide high levels of performance. Average device uptime through the first four years of the contract has been 99.91% with a first time fix rate of 98%.

## **6 Conclusions**

- 6.1 Leeds CC has a sunken investment in the office print fleet, in normal circumstances these devices would be returned to Canon PLC and new devices deployed either by the incumbent supplier or a new one after a procurement exercise.
- 6.2 The approach recommended allows Leeds CC to sweat the asset for a further two years and make a saving of approximately £400k after the capital outlay of £100k to purchase the remaining fleet.
- 6.3 This approach also removes the requirement to undertake a procurement exercise for two years.

## **7 Recommendations**

- 7.1 This report seeks approval from the Chief Digital and Information Officer to approve the capital purchase of the print fleet and a two year extension of the services contract via the RM1599 framework.

## **8 Background documents**

- 8.1 None.