



Report of Tony Newbould Assistant Head Financial Services

Report to Helena Philips Chief Officer of Shared Services

Date: 30 July 2019

Subject: Award a 12 month contract extension for the provision of office supplies and equipment to Lyreco Ltd

Are specific electoral wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If yes, name(s) of ward(s):		
Has consultation been carried out?	<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
Will the decision be open for call-in?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:		
Appendix number:		

Summary

1. Main issues

- The council awarded a contract for the provision of stationery and equipment and office consumables to Lyreco Ltd with effect from 1st September 2016 for a period of 3 years with the provision for an extension of a further 12 months beyond the 3 year term.
- As the current contract term is due to end on 31st August 2019 then approval is hereby sought to take up the provision to extend the contract for a further 12 months until 31st August 2020.

2. Best Council Plan Implications (click [here](#) for the latest version of the Best Council Plan)

- The office supplies and equipment contract is a central council contract for the use of all services across the council. It supports each service with the purchase of essential and key products to aid them in their business activity. The products available on the contract offer value for money and ensure that officers are purchasing products, where possible, from sustainable sources and that are produced using ethically acceptable production methods in line with the Council's procurement principles.

3. Resource Implications

- The spend for the financial year 2018/2019 totalled £205k

Recommendations

- a) It is recommended that the Chief Officer of Shared Services approve the take up of the provision to extend the contract for the supply of stationery and office consumables to Lyreco Ltd for an additional 12 month until 31st August 2020.

1. Purpose of this report

- 1.1 The purpose of this report is to provide the Chief Officer of Shared Services with the relevant information and to seek their approval to activate the extension provision on the existing contract agreement with Lyreco for the provision of stationery supplies and office consumables for a further 12 months until 31st August 2020.

2. Background information

- 2.1 Following a mini tender exercise conducted under a YPO framework, the council awarded a 3 year contractual agreement to Lyreco to supply stationery and office consumables with effect from 1st September 2016.
- 2.2 The initial 3 year term of the contract is due to come to an end on 31st August 2019.
- 2.3 The contract contains a provision to extend the term for a further 12 months to 31st August 2020 and this report seeks the approval of the Chief Officer of Shared Services to take up this extension.
- 2.4 The spend for the financial year 2018/2019 totalled £205k

3. Main issues

- 3.1 Since the introduction of the single supplier contract with Lyreco the council has sought to rationalise the way it procures stationery and office consumables. This resulted in the stationery budget for all services across the Council being pooled and the management of the contract together with a large amount of the purchasing being centralised in to the Shared Services Purchase Hub situated in the Business Support Centre.
- 3.2 The council has had a relatively long standing relationship with the current supplier, Lyreco and the current centralised arrangement has sought to build on this relationship to shape the product offering on the core list of available products and ensure the smooth running of the contract.
- 3.3 The range of products available for officers to purchase was reviewed with each service area ahead of the tender for the contract. Once the contract was let a catalogue was developed alongside an online order process on the Council's intranet site.
- 3.4 The Lyreco contract provides for free next day delivery to each council site across the city, ensuring a continuity of supply for key office products to all council services.
- 3.5 The current Lyreco contract also includes the supply of copy paper for the multi - functional devices (MFDs) used across the council for local printing purposes. The purchase of this paper equates to approximately 40% of the current spend on the contract.

- 3.6 At the current time the market price of paper is volatile and as a consequence there has been upward pressure on the price. This has resulted in a number of above inflation rises on the paper prices since the letting of this contract in September 2016.
- 3.7 There is currently a review of printing across the council together with a programme of rationalisation of the current number of MFDs across all the council's offices. This initiative seeks to reduce the amount of printing generally on the MFDs and to encourage the switch of printing of the larger volume print jobs to the Print Unit where possible. This in turn should reduce the amount of paper being required under this contract therefore reducing the amount spent on the contract going forward.
- 3.8 In line with the above printing review, a review is also underway on how the Council procures paper for the print unit. Extending the current contract with Lyreco for a further 12 months will enable an assessment of whether there is any merit in including the purchase of paper for the MFDs within the procurement activity of the Print Unit.
- 3.9 A corporate purchasing card has been lodged with Lyreco to ensure payment is made promptly and to take out the need to raise orders in FMS or to process invoices related to the payments. This also ensures that the Council is able to take advantage of any rebate that may be available by making payment in this way.
- 3.10 The contract supports greater compliance with the Council's Contract Procedure Rules with the spend on stationery items now managed through an approved contracted supplier.
- 3.11 Where a service area needs to place an order for items that are not on the current contract then arrangements are made for these items to be ordered via the Purchase Hub to ensure the best possible price is obtained.
- 3.12 The contract provides improved business intelligence regarding what has been purchased, the volume and the price. Enabling the management of the Purchase Hub to challenge and change behaviours on such consumable items.
- 3.13 At outset of the previous tender the value of the contract was estimated at £250k per annum based 2015 volumes.
- 3.14 Over the last 2 financial years the amount being spent on stationery has remained relatively static at £206k in 2017/18 and £205k 2018/19. This is however despite the upwards pressure on paper prices from September 2017.
- 3.15 There remains a large degree of uncertainty around the UK's impending departure from the European Union on 31st October 2019 and what impact this may have on such products. By extending this contract by 12 months the Council will hopefully be able to ensure a continuity of supply for these important business products to take us over this uncertain period.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The current list of core products available on the contract was developed as a result of an extensive consultation activity at the outset of the 2016 tender exercise. There remains a constant review of the products offered on the contract to ensure it meets the majority of the council's services requirements. The current product list will be further reviewed ahead of the re-tender activity in 2020.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 An equality impact screening assessment has been undertaken and no impact on equality and diversity/cohesion and integration has been identified by the proposed extension of this contract.

4.3 Council policies and the Best Council Plan

- 4.3.1 The centralised contract was awarded following a competitive tender exercise in 2016 ensuring the best value for stationery and office consumables was obtained.
- 4.3.2 It provides an approved contractor for officers across the council to purchase essential and key products that are required in their day to day business activities and ensures greater compliance with contract procedure rules and financial regulations in such purchases.
- 4.3.3 Where possible the contractor is encouraged through the contract specification and regular contract review meetings, to provide goods that are produced from sustainable sources and to ensure that the production methods across the their supply chain are ethically acceptable and aligned with the Council's procurement principles including: social responsibility, fair trade and the impact on the environment.

Climate Emergency

- 4.3.4 The contract award in 2016 recognised the environmental impact of office consumable products, in particular the impact of paper. In order to mitigate this issue it was specified that the paper available on the contract must be from a sustainable source and it described as renewable and recyclable.
- 4.3.5 The contract also provided for the delivery of products to Council locations to be coordinated and consolidated as much as possible to minimise journeys, particularly in the city centre, to prevent unnecessary repeated deliveries to the same locations in the same day. The contractor also gave assurances in their tender of their own commitment to tackle this issue through their own dedicated Quality & Sustainability Team investigating other technologies to reduce the impact on air quality whilst meeting contractual obligations.
- 4.3.6 The activities that the Council is currently undertaking to reduce the amount of paper it uses will likely impact on the volumes of paper purchased under this contract and will further inform the subsequent re-tender exercise that will follow in 2020.

4.4 Resources, procurement and value for money

- 4.4.1 The estimated spend for the 12 month extension, based on 2018/19 figures, is £205k
- 4.4.2 The contract was awarded following a competitive tender exercise in 2016. From which it was determined that Lyreco's tender submission offered the best value for money.
- 4.4.3 As this is the only extension available on the current contract arrangement there will be a requirement to undertake re-tender for a further contract before the end of August 2020.

4.5 Legal implications, access to information, and call-in

4.5.1 Based on the total spend on the contract during 2018/19, it is assumed that the 2019/2020 spend will not exceed £500k. The decision to extend the contract is therefore classed as a significant operational decision and as such the Chief Officer of Shared Services is empowered to take this decision. As a significant operational decision it is not subject to call in.

4.6 Risk management

4.6.1 There is a risk that if the current contract is not extended and the current arrangement with Lyreco allowed the lapse, that services across the Council will not have access to an approved contracted supplier beyond the 31st August 2019. As such key stationery and office consumables would likely need to be purchased from an unapproved supplier until a new contract could be put in place. In such circumstances the products each service required would need to be sourced off contract, with the potential that the products will cost more and may be from unsustainable sources or from sources unacceptable to the council.

4.6.2 The impending departure of the UK from the European Union on 31st October could also add further significant risk to the continuity of supply and to cost if the Council does not have an ongoing contractual relationship for the supply of such items.

5. Conclusions

5.1 Extending the existing contract with Lyreco for 12 months is seen as being in the best interests of the Council at the current time to ensure the continuity of supply in what may be turbulent market conditions. By extending this contract and taking up the option of a further 12 months this will enable the council to consider its options and re-tender in 2020 in an informed and orderly manner.

6. Recommendations

6.1 It is recommended that the Chief Officer of Shared Services approve the take up of the provision to extend the contract for the supply of stationery and office consumables to Lyreco Ltd for an additional 12 months until 31st August 2020.

7. Background documents¹

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¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.