

Report of Chief Officer Shared Services, Resources and Housing

Report to Director Resources and Housing

Date: 23rd July 2019

Subject: Request for authority to undertake a procurement of High Volume Digital Printers and associated software

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: 6.2 Appendix number: 1 Mail and Print Business Change Programme Business Case	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

1. The Council is undertaking an invest to save Mail and Print Business Change Programme. The programme seeks to bring about a significant reduction in the volume of mail and print that is produced by the Council.
2. Ambitious targets are being set in line with the Climate Emergency and Budget Savings ambitions of the Council. The default position will be zero print.
3. A programme of demand reduction has commenced which will look to reduce volumes of mail and print though digital channel shift, behavioural change and “hard measures” such as preventing the printing of certain document types, for example emails.
4. In order to deliver the changes required it will be necessary to procure replacement High Volume Digital Printers and associated Print and Hybrid Mail software. These printers and software will be required for a transitional period of three years whilst demand reduction activities are implemented. The printers and software will ensure the continued operation of central printing functions, support changes in business process through the redirection of prints away from office based printers and enable channel shift to digital alternatives.
5. This procurement can be made via an existing Crown Commercial Service framework (RM3781) for a contract term of three years with the option to extend for a further two years in total.

Recommendations

It is recommended that the Director Resources & Housing provides approval to commence a procurement for the provision of High Volume Digital Printers and associated Print and Hybrid Mail software for a period of three years with an option to extend for a maximum of two further years.

1 Purpose of this report

- 1.1 The purpose of this report is to provide the Director of Resources & Housing with the relevant information and to seek their approval to undertake a procurement of a three year contract with option to extend for a maximum of two further years for the provision of High Volume Digital Printers and associated Print and Hybrid Mail software.

2 Background information

- 2.1 A Business Case seeking approval to undertake a business change programme in relation to Mail and Print operations across the Council has been approved by the Chief Officer Shared Services and presented to the Council's Best Council Design Team on 4th December 2018. This Business Case was further revised during June 2019 to update expenditure and saving figures. This updated Business Case was presented to the Director of Resources & Housing on 26th June and approved by the Mail & Print Project Board on 27th June. The summary Business Case is due to be presented to Best Council Design Team on 12th July. A copy of this Business Case accompanies this document.
- 2.2 The business change programme seeks to bring about a significant reduction in the volume of mail and print that is produced by the Council. The Council currently produces in the region of 53 million "clicks" per year through its office based printers (Multifunctional Devices – MFD) and central Print Unit. A click is a unit of measure which equates to an image or side of printed output. In addition contracts exist with external mail service and print providers for the production of letters and documents relating to Revenues & Benefits and Elections plus numerous smaller contracts for one-off or specialist prints are in place.
- 2.3 Ambitious targets are being set in line with the Climate Emergency and Budget Savings ambitions of the Council. The default position will be zero print.
- 2.4 A programme of demand reduction has commenced which will look to reduce volumes of mail and print through digital channel shift, behavioural change and "hard measures" such as preventing the printing of certain document types, for example emails.

3 Main issues

- 3.1 The Print Unit is central to the Council's desired demand reduction approach. It fulfils essential internal print requirements such as the production and distribution of outputs from the Council's core transactional systems, committee papers and confidential legal papers plus other numerous high-volume and specialist "one-off" prints.
- 3.2 The unit's digital printers are now at end-of-life and only with an investment of up-to-date hardware and software will the Council be able to fulfil its current digital print needs and meet its business change aspirations.
- 3.3 The High Volume Digital Printers utilised within the Print Unit are two years over their planned lifespan of five years and are at risk of mechanical breakdown and failure. Currently the Council operates three mono and one colour Konica Minolta printers. A failure of the colour printer would have significant impact on the operational print needs of the Council and would likely incur additional external

printing costs whilst the device is being fixed. In the first month of this year parts required to fix the colour printer totalled £15K. Extensions to the existing maintenance contract with Konica Minolta are now not possible meaning that the printers will only be supported on a best endeavours basis going forward.

- 3.4 The ongoing Multifunctional Device Rationalisation programme is predicated on the assumption that large volume prints currently printed via Multifunctional Devices located across the Council will from October 2019 be redirected to the Print Unit. This will lead to an initial increase in the volume of printed output created within the Print Unit until demand reduction activities and digital alternatives have been implemented and embedded as normal operational practice.
- 3.5 As an immediate requirement, approval is therefore sought to commence a procurement exercise for High Volume Digital Print hardware and associated software, required to support the Council's ambition to reduce print whilst maintaining its current business as usual print operations in the short-term.
- 3.6 It is intended that this procurement be made via Lot 2 (Multifunctional Devices and Print Management Services) of the Crown Commercial Services Framework Agreement RM3781 (Multifunctional Devices (MFDs), Managed Print and Content Services and Records Information Management).
- 3.7 It is envisaged that the hardware and software would be procured over a three year lease with the option of yearly lease extensions for a further two years. This will allow for re-evaluation and possible reconfiguration of print devices after three years once the impact of the Multifunctional Device rationalisation has become apparent and demand reduction initiatives and digital alternatives have been implemented.
- 3.8 If required, the annual lease charge beyond the initial three year lease period will be negotiated with the supplier at the end of the initial three year lease period.
- 3.9 Experience from the existing High Volume Digital Print Hardware suggests that these devices are ready for replacement after five years and are likely to incur additional cost and increased risk of malfunction if operated beyond this length of time. Analysis of maximum pricing indicates that outright purchase of printers only becomes a viable option if printers are to be retained for five years or longer.
- 3.10 Based on market testing it is estimated that the following revenue profile will be required to procure a contract for the provision of the necessary High Volume Digital Printers and supporting Print software for a period of three years, undertake the necessary work to implement the hardware and software and make the necessary business changes.

Revenue Profile Summary				
For further details please see the Mail and Print Business Change Programme Business Case				
Year 19/20	Year 20/21	Year 21/22	Year 22/23	Total

£268,284	£170,399	£140,399	£50,700	£629,782
----------	----------	----------	---------	----------

- 3.11 Funding for the activity required to take the procurement to contract award is already secured and is being taken from Shared Services revenue budget.
- 3.12 Funding for the purchase of the printers, software and implementation activities as well as ongoing operational costs as detailed in the table above is still to be agreed. A business case is currently being developed that will look to secure Invest to Save monies to cover 19/20 expenditure with future years funding being taken from Shared Services revenue budget and savings realised against centralised budgets as a result of reduced demand for mail and print and improved contract management.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 A Project Board has been established comprising of membership from numerous business areas across the Council which are stakeholders in the mail and print process. It is envisaged that the make-up of this board is reviewed periodically to ensure the membership remains relevant to the work being undertaken with the business change programme.
- 4.1.2 The Business Case for the programme has been presented at Best Council Design Team on 4th December 2018 and a revised summary Business Case and project update was presented on 12th July 2019.
- 4.1.3 Trade Union consultation via the sub group for Resources & Housing, and consultation with the staff in the Print Unit was undertaken in March 2019.
- 4.1.4 Wider Trade Union consultation was undertaken on 18th July 2019 through the Council's Corporate JCC.
- 4.1.5 Details regarding this decision were published in the List of Forthcoming Key Decisions on 30th November 2018.
- 4.1.6 The Lead Member for Resources & Housing was briefed in November 2018 by the Chief Officer Shared Services and the Head of Digital Change.

4.2 Equality and Diversity / Cohesion and Integration

- 4.3 An Equality and Diversity, Cohesion and Integration screening form has been completed as part of the overall programme delivery.

4.4 Council policies and the Best Council Plan

- 4.4.1 The Print Unit supported by appropriate High Volume Digital Printers and supporting software is central to the Council's desired Print Hub approach.
- 4.4.2 This contract supports the delivery of the Best Council Plan in contributing to priorities to become a more efficient and enterprising council.

4.5 Resources and value for money

4.5.1 The Mail & Print Business Change Programme Business Case identifies costs of £4.5M per year that can be attributed to mail and print processing across the Council. The savings target, as detailed in the Business Case for year 1 is £178K, year 2 is £478K with year 3 savings being £787K. It is anticipated that these savings targets will be increased and become more ambitious as a result of the Council's Climate Emergency and Budget Savings aspirations.

4.6 Legal Implications, Access to Information and Call In

4.6.1 This is a Key Decision which is subject to call-in and there are no grounds for keeping the contents of this report confidential under the Access to Information rules.

4.6.2 The intention to undertake a procurement of a three year contract with option to extend for a maximum of two further years for the provision of High Volume Digital Printers and associated Print software was placed on the 'list of forthcoming decisions' on 30th November 2018.

4.7 Risk Management

4.7.1 If the procurement of replacement High Volume Digital Printers is not undertaken significant risks exist to the continued operation of these devices and therefore the continued production of essential internal print requirements and the associated generation of Print Unit income.

4.7.2 If the procurement of replacement High Volume Digital Printers and associated Print software is not undertaken then the savings identified in the Mail & Print Business Change Programme Business Case and those identified through delivery of the currently ongoing Multifunctional Device Rationalisation Programme will need to be re-evaluated and in all likelihood reduced.

5 Conclusions

5.1 Procuring replacement High Volume Digital Printers and associated Print and Hybrid-Mail software is seen as the best option for realising the savings identified in both the Mail & Print Business Change Programme Business Case and through the Multi-Functional Device Rationalisation Programme.

6 Recommendations

6.1 It is recommended that the Director Resources & Housing provides approval to commence a procurement for the provision of High Volume Digital Printers and associated Print and Hybrid Mail software for a period of three years with an option to extend for a maximum of two further years.

7 Background documents¹

7.1 None.

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.