

# Approval to award an 18 month extension to contract with Canon (UK) Limited for LCCITS130014 Managed Print (YORE-9D9J8Y)

Date: October 2021

Report of: Head of Cloud and Platforms

Report to: Chief Digital and Information Officer

Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## What is this report about?

### Including how it contributes to the city's and council's ambitions

- The Council has in place a contract for managed print services with Canon (UK) Limited. This contract was awarded 13th October 2014 for a period of five years, with a further 2 year extension which ended on 31<sup>st</sup> October 2021.
- After assessing the usage of the print fleet over the past 18 months, the average lifetime usage of the multi-functional devices (MFDs) is approximately 15%. It is therefore recommended that the services contract procured under the RM1599 terms and conditions is extended for further 18 months to 30<sup>th</sup> April 2023.

## Recommendations

- a) The Chief Digital and Information Officer is recommended to approve an 18-month extension of the services contract via the RM1599 framework, ending on 30<sup>th</sup> April 2023.

## Why is the proposal being put forward?

- 1 This report seeks approval from the Chief Digital and Information Officer to approve 18 month extension of the services contract via the RM1599 framework, ending on 30<sup>th</sup> April 2023.

## What impact will this proposal have?

### Wards affected:

Have ward members been consulted?

Yes

No

- 2 The services that IDS 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.
- 3 An assessment of the usage of the print fleet over the contract extension period has been undertaken and identified that average lifetime usage to date is approximately 15%.
- 4 Due to the low device usage over the contract these MFDs will be able to run for at least another 18 months.
- 5 Discussions with Canon (UK) Limited have established that Leeds CC can run a managed services contract for an 18 month period to allow us to sweat the asset. Canon (UK) Limited have agreed to reduce the service charge by 15% and the click charge by 15%.
- 6 The click and service charge reduction equates to a £60k saving based on charges from year 1 contract spend. Table 8.1 at the end of this document shows the actual and estimated charges.
- 7 Over the next 3 months IDS intend to reduce the number of MFDs on the Managed Print Service fleet. Devices that have not printed in 6 months and / or are in closed buildings will be removed. This will see a 27.5% reduction in MFDs. Table 8.2 at the end of this document shows the reduction figures.

### Main issues:

- 8 Through discussions with Canon (UK) Limited 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.
- 9 Given the fact that the fleet has a considerable run time left, it is best value in terms of spending money wisely to continue to run these MFDs for a further 18 months.
- 10 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 18 months this activity will have to be taken.

## What consultation and engagement has taken place?

11 The Procurement Manager, IDS Strategic Sourcing Team and Legal Services have been consulted.

## What are the resource implications?

12 The approach being recommended will allow Leeds City Council to continue to use an asset which has been invested in and make a significant saving in the region of £250k per annum which would be spent leasing new MFDs.

13 There will be a quarterly software and hardware service charge of approx. £17k per quarter, payable for 6 quarters. The total cost will be approx. £106k over the lifetime of the contract.

14 The quarterly software and hardware service charge is approx. 15% cheaper than current costs (£17k per quarter compared to current charge of £25k per quarter).

15 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. £35k per quarter, payable for 6 quarters.

16 Click charge is the cost per printed side of A4. There will be a 15% reduction in the cost as detailed below:

Description	Current Cost - £	Proposal	New Cost - £
<b>Reduction %    Proposal</b>			
Service Click Rate - Mono MFD A4	£0.00378	15%	£0.003213
Service Click Rate - Colour MFD A4	£0.0257	15%	£0.021845
Service Click Rate - Mono Printer A4	£0.0115	15%	£0.009775
Service Click Rate - Colour Printer A4	£0.0693	15%	£0.058905
Service Click Rate - Mono MFD A3	£0.00756	15%	£0.006426
Service Click rate - Colour MFD A3	£0.0514	15%	£0.04369
Service Click Rate - Mono Printer A3	£0.023	15%	£0.01955
Service Click Rate - Colour Printer A3	£0.1386	15%	£0.11781
Managed Print and Client Services Manager Services - Quarterly	£23,109.00		£17,743.00
Uniflow Support Quarterly	£4,717.00		£4,717.00

## **What are the legal implications?**

- 17 This decision is a Significant Operational Decision which is not subject to call-in.
- 18 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.

## **What are the key risks and how are they being managed?**

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

## **Does this proposal support the council's three Key Pillars?**

- Inclusive Growth       Health and Wellbeing       Climate Emergency

- 21 Leeds CC has a sunken investment in the office print fleet, in normal circumstances these devices would be returned to Canon (UK) Limited and new devices deployed either by the incumbent supplier or a new one after a procurement exercise.
- 22 The approach recommended allows Leeds CC to sweat the asset for a further 18-months saving approx. £52k on click and service charges.

## **Options, timescales and measuring success**

### **What other options were considered?**

- 23 A procurement exercise was considered but the recommended approach will allow Leeds City Council to continue to use an asset which has been invested in and make a significant saving in the region of £250k per annum which would be spent leasing new MFDs and also make a saving on the click and service charges of approx. £52k.

### **How will success be measured?**

- 24 The IDS Cloud & Platforms Team will monitor performance and spend to ensure that this is measured and managed effectively.

### **What is the timetable for implementation?**

- 25 Ongoing usage of existing office print devices.

## **Background papers**

- 26 None.

## Appendix 1

26 The below table shows current contract costs vs estimated savings. This does not take into account any savings as result in print reduction activities.

<b>PrintSmart Contract Spend</b>	<b>Current Contract Q1 – Q6 (Actual)</b>	<b>New Contract Q1 – Q6 (Estimate)</b>	<b>Saving</b>
<b>Click Charge</b>	£239,823.47	£203,849.95	£35,973.52
<b>Service Charge</b>	£150,550.00	£134,760.00	£15,790.00
<b>Total</b>	£390,373.47	£338,609.95	£51,763.52

27 The below table shows the current and proposed number of Corporate LCC Multi- Functional Devices (MFDs) on the Managed Print estate.

<b>Current Corporate Fleet</b>	<b>618</b>
<b>Devices marked for removal</b>	<b>170</b>
<b>Remaining Corporate Fleet</b>	<b>448</b>
<b>Reducing the fleet by</b>	<b>27.5%</b>

## Appendix 2

### What is your reason for waiving CPRs?

There is a genuine, unforeseeable emergency meaning there is no time to go through a procurement process e.g. to deal with the consequences of extreme weather.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
To purchase supplies or services on particularly advantageous terms due to liquidation/administration.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Requirement to put a contract in place with a current provider whilst a review of the services is completed.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Ran out of time to undertake a new procurement exercise	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Other (please provide summary here)  Refer to report.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No