

9 December 2015		ITEM: 17 01104435
Cabinet		
MFD (Multi-Functional Devices) reprocurement		
Wards and communities affected: None	Key Decision: No	
Report of: Councillor Victoria Holloway, Cabinet Member for Central Services		
Accountable Head of Service: Kathryn Adedeji – Head of Commercial Services		
Accountable Director: David Bull – Director of Planning and Transportation		
This report is Public		

Executive Summary

The Council currently has various lease agreements with Canon under a Crown Commercial Services Framework. In total 80 devices have been drawn down under this agreement covering 18 council locations. Annual spend for financial year 2014/2015 for Lease and Usage charges was £200k, plus Serco ICT ongoing charges of £16.5k per annum.

A procurement exercise needs to be undertaken to identify a provider to supply the Council with replacement MFD units when the existing units come to the end of their contracted terms. In the case of Print Room devices this is July 2016 and Fleet devices located within office areas from October 2016 onwards.

1. Recommendation(s)

That Cabinet

- 1.1 Approve the carrying out of a procurement process to identify a new MFD provider;**
- 1.2 On the basis of Option 2 as set out within this report, delegate authority to Director of Planning and Transportation to agree & award a new contract**
- 1.3 Authorise the Director of Planning and Transportation to award a contract to a provider for a Discovery Assessment, should it be necessary to contract separately for such an assessment**

2. Introduction and Background

- 2.1 The lease agreements were signed after a procurement exercise to replace traditional printers by centralised MFD devices.
- 2.2 The current agreement with Canon (UK) Ltd covers 80 devices with a combination of models, manufacturers and capabilities.
- 2.3 The leases for the 80 MFD units have a set term of 60 months (5 years), on an individual or group order basis. This means that leases will come to the end of their terms at different times.

3. Issues, Options and Analysis of Options

3.1 Option 1: Continue with current solution beyond 5 year terms

Will result in a reduction in the ongoing charges for a short period as the units switch from 'lease & usage' charges to just 'usage' charges.

- Benefit - will create short term cost savings as units come to the end of their initial lease terms.
- Risks – increasing reliability issues, spare parts and hardware/software support service level issues as majority of the devices are not Canon units, and the key software application used for follow-me printing is 3rd party

3.2 Option 2: Procure new MFD agreement

As part of the reprocurement exercise a Discovery Assessment would be run using external support to evaluate total print requirements existing in the Council and inform the shape of the tender specification for either a mini-tender under framework or full tender exercise.

This assessment may have a cost element depending on the options pursued and level of internal ICT support required. However, it should be noted that many manufacturers provide these assessments for free as part of their business opportunity development activities.

The timing of the replacements programme would start at the end of the original phase 1 period in December 2016; this will have some cost offset through the reduction in the lease charges on the current devices

It should be noted however that a capital cost element will exist for the purchase of additional server capacity during this stage estimated at £16k.

Benefits include

- Allowing additional sites requirements to be included in the tender specification.
- Ensuring that MFD units are right-sized to the operational area requirements. i.e. page per minutes, optional features
- Providing a protected operational position by ensuring continuous print capability at all times during the transition to the new agreement

Risks

- Limited only to possible delays during implementation phase of the new supplier which would not impact operational activities.
- Minimal cost exposure as any new device lease charges will be covered by reductions on existing MFD equipment.

- 3.3 Procurement of the new provider may be possible under frameworks; using the initial Discovery Assessment to inform the total requirements, an assessment and evaluation of suitable frameworks will be undertaken.

The alternative would be to carry out a full tender exercise, but this would have significant cost whilst delivering limited benefits, compared with using a framework.

The agreement would be procured over a 4 or 5 year term, subject to the above route chosen to secure the new agreement.

- 3.4 Current Lease & Usage Charges

The overall level of charges has changed with a notable reduction with the implementation of hot-desking. This will be built upon within the new arrangement through the further reduction in numbers of units at Civic Offices, to greater enforce the use of Electronic Documents and Record Management Systems (EDRMS) and other technologies (e.g. tablets, smartphones hardware and software applications).

Further the use of a single manufacturer route will allow for reduced hardware and support costs, typically found in multi-supplier routes.

The current multi-vendor solution uses hardware, software and support from multiple providers managed through Canon. This can result in support issues, longer response times and delays in getting more complex issues resolved with the Follow-Me printing setup on the Touchpads.

Costs have been reducing year on year, assuming a baseline for a new agreement at 4 years the cost profile would be:

	FY13-14	FY14-15	FY15-16
Total costs per annum	£ 213,631	£ 200,439	£ 191,572
Total 4 year Tender Value	£ 854,524	£ 801,756	£ 766,287

*FY15/16 Estimated on first 2 fiscal quarters

3.5 Current Averaged Print Volumes

The print volumes show a clear decline with the introduction of hot-desking, which will be further decreased by the introduction of EDRMS (Objective) and reduction in Fleet & Print room devices to reduce unnecessary printing.

The print volumes, which are based on a Click charge (one “click” being equal to 1 side of A4 or A3 printing) have been:

Click Rate	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Total	3.86m	3.81m	2.95m	3.28m	3.50m	2.94m	2.66m	3.61m	2.75m	2.54m
Total Clicks per Annum	13.91m				12.71m				10.58m*	

*2015 Estimated on first 2 quarters.

4. Reasons for Recommendation

- 4.1 The current solution is not fit for purpose, and does not provide the necessary tools for ICT to effectively manage the solution, or for the effective recharging of usage costs to departments by Finance.
- 4.2 The number and types of MFD devices no longer fit the requirements introduced by Hot-desking, EDRMS and the planned rollout of the Thin-Clients to remote operational locations.
- 4.3 The support of the existing hardware and software solution will decline as the majority of these are not the incumbents products. This will have a direct operational impact delaying response times for products no longer manufactured.
- 4.4 Continuing for a significant period beyond the initial 5 year term, will have significant operational risks in respect to hardware and software support for the current solution.
- 4.5 Continuing with current solution will not allow for the reshaping of the number of devices we have currently deployed, to better suit the changing operational needs with the introduction of Hot-Desking, EDRMS and the scheduled rollout of the Thin-Clients to remote operational locations.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 not applicable

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 not applicable

7. Implications

7.1 Financial

Implications verified by: **Laura Last**
Senior Finance Officer – Management Accounts

The current agreement is centrally funded, as the proposed methodology for implementation of the new agreement would be in a phased approach. The cost envelop is not expected to exceed the current levels, and should not present an increased cost burden to the Council.

Lease and Usage costs for the newly procured agreement would be incurred following the reduction of the current charges on the existing agreement, as units are replaced as part of the rollout of the new solution.

7.2 Legal

Implications verified by: **Sheila Saunders,**
Contracts and Procurement Solicitor (on behalf of Daniel Toohey, Principal Solicitor (Contracts and Procurement))

7.2.1 The lease agreements with Canon (UK) Ltd (initially OCE) for the MFDs were entered into pursuant to the, then, OGCbuying Solutions Framework RM450. Subsequently, OGCbuying Solutions became Crown Commercial Service and Framework RM450 (for the provision of Photocopiers & Multifunctional Products and Services, Print Room and Managed Services) was replaced by Framework RM1599 (Multifunctional Devices (MFD) and Services, Managed Print Services and Print Audit Services). Framework RM1599 was, initially, awarded for 2 years with effect from 6th March 2012 until 28th February 2014. An option to extend the Framework was, subsequently, exercised, changing its expiry date to 29th February 2016; no further extension options are available.

7.2.2 The Public Contracts Regulations 2015 are likely to apply to the procurement of an MFD provider, requiring the Council to carry out a full European procurement, to identify and select a provider, unless the Council is able to 'call off' from a Framework procured in compliance with the Public Contracts Regulations 2015.

7.2.2 Any process carried out to identify and select a new provider must, also, comply with the principles – non-discrimination, fairness and transparency - of the Treaty on the Functioning of the European Union.

7.2.3 In the event that contemplation is being given to bringing a new Provider on board before all of the, existing, 'call-off' leases have expired, appropriate arrangements would need to be made to avoid any breach(es) of the

remaining lease arrangements. Possibilities include: (i) agreeing early termination of the, remaining, leases with Canon; (ii) structuring the arrangement with the new provider such as to ensure that the remaining lease terms can continue alongside the new arrangement .

- 7.2.4 Before using any Framework the Council must ensure that such a Framework is EU compliant and that it was procured in such a way as to entitle the Council to use it without contravening European procurement rules.

7.3 **Diversity and Equality**

Implications verified by: **Becky Price**
Community Development Officer

Evidence of competitors practice to promote diversity and embed equality within their organisations and through the delivery of services is a core element scored as part of the assessment process for council tenders. The successful provider of the MFD service will be expected to adhere to the council's equal opportunities policy and employee rights legislation which is further embedded in the council's standard contract terms and conditions.

Issues concerning the use of MFDs by individuals with sight impairments or mobility difficulties will be considered in consultation with the Disability Staff Forum and Commercial Services Team.

- 7.4 **Other implications** (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None

8. **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

9. **Appendices to the report**

None

Report Author:

Andrew Austin

Category Manager

Commercial Services