

**CABINET****DATE: 26 MARCH 2013****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR CHANGE AND EFFICIENCY****LEAD OFFICER: LAURA LANGSTAFF – ACTING HEAD OF PROCUREMENT & COMMISSIONING****PAUL BROCKLEHURST – HEAD OF INFORMATION MANAGEMENT & TECHNOLOGY****SUBJECT: FRAMEWORK FOR THE PROVISION OF MANAGED PRINT SERVICES****SUMMARY OF ISSUE:**

The Council's current printer estate is out of date and costly due to the age of its existing devices, the associated rising maintenance burden and the need to purchase a diverse range of consumables.

The adoption of a modernised and rationalised printer estate will reduce costs and improve the working environment. It is proposed that this is achieved through the provision of a managed service solution delivering a range of printing methods including printing, photocopying, scanning and faxing.

The Cabinet is requested to approve the recommendations summarised below.

**RECOMMENDATIONS:**

A framework agreement that is open to all authorities in the region will provide a common route to market. This will enable the potential delivery of future economies of scale through collaboration, as Councils join up their print requirements over time. Surrey County Council plans to 'call off' from this framework initially for its immediate requirements.

It is therefore recommended that the Cabinet:

- (1) Approves the award of a four year framework agreement that will be made available for use by Surrey County Council, all local authorities and all public sector bodies in the South East. Details can be found in the Part 2 Annex (item 23)
- (2) Approves the award for Surrey County Council's specific print solution (as a mini competition from the framework) to the bidder identified in the Part 2 Annex(item 23) for a 5 year contract.

## **REASON FOR RECOMMENDATIONS:**

Surrey County Council (SCC) needs to modernise its approach to printing by offering a holistic and flexible print solution that fits organisational and operational needs.

The Council has a wide range of devices that print, photocopy, fax and scan which are of different makes and models. Currently there are 1800 networked printers and numerous photocopiers, plus standalone printers/photocopiers in various teams. These devices are spread across 143 buildings. This wide range is difficult to support/maintain and therefore expensive. The Council also needs to buy and stock a wide range of consumables for the devices makes and models. The current cost of printing and photocopying is approximately £1,275,000 per annum.

A move to Multi Functional Devices (MFDs) offers the ability to scan, fax, photocopy and print from a single machine, with resultant cost savings and rationalisation of equipment. Such devices also offer increased security, along with a reduction in print wastage and carbon.

SCC has entered a framework agreement (which will be open to all local authorities and all public sector bodies in the south east). This will give the Council a route to market for all its print needs. The framework will also facilitate a longer term collective approach to the delivery of printing across Surrey or a larger region such as the South East 7.

## **DETAILS:**

### **Background**

1. The Council has a multiplicity of printing devices, photocopiers, scanners and fax machines which do not offer the same functionality and are expensive to maintain and operate. The use of separate devices to provide printing, photocopying, scanning and faxing means that the Council is wasting space, power and is not taking advantage of the latest technology to carry out basic activities which support the way staff work.
2. Local purchasing of devices has contributed to the wide range of equipment currently in use but has also put in place a wide range of procurement methods, particularly with photocopiers. Some have been purchased outright, others leased or rented and some charged for on the basis of the number of copies made or a combination of the above. As a result many different suppliers, different contract periods, maintenance agreements and different terms and conditions are in place across the Council, which does not optimise spend in these areas.
3. There is currently no corporate contract in place for the supply of printers, photocopiers or scanners, which denies the Council the opportunity to make savings from a consolidated contract, which would allow for economies of scale to drive down the total cost of ownership.
4. Market investigations have revealed that there are a range of options to manage SCC's printing that are unavailable with stand alone printers, such as scanning and faxing which can be sent to email addresses. There are no options within SCC's current printing to be able to print documents from

I-Pads or Blackberry devices which are part of the IT and Smarter Working strategies.

### **Procurement Strategy**

5. At an early stage of the procurement plan a review of identified options was carried out and can be summarised as follows:

#### **Option 1**

6. Do nothing: This has been discounted for the reasons outlined above.

New stand alone printers could be procured to replace the current ones but this will continue to limit the opportunity for rationalisation and central management information would remain unavailable to support future changes in behaviour.

Further if we continue as we are, going against market and technological trends, we will not be able to combine with other authorities for future buying power.

7. The ongoing costs remain as they are at £1,275,000.

#### **Option 2**

8. Procure new Multi Functional Devices: A key benefit of this replacement technology is that it will provide a comprehensive view of usage patterns and support any policy looking to change this (which can be managed by creating particular user profiles via swipe cards). Overall, this is likely to lead to a general reduction in demand.
9. There are benefits in this option which are:
  - a positive impact on the Council's carbon 'footprint' and energy consumption,
  - provision of management information with consolidated billing
  - rationalisation of the use of consumables – including cartridges and paper.
10. However, any upfront capital commitment would be based on current print demand. It is only through the management information on usage patterns, which SCC will gain through the implementation, that the Council will be able to reduce demand and hence requirements for printers. Making a capital commitment up front is likely to lead to over capacity in the longer term with printers left idle or underused. However, a capital procurement may be a suitable option in the second iteration of this contract once the printer estate has been rationalised.
11. In addition to the actual cost of the printers there would also be costs for project management and implementation as well as the cost of the software that would support the follow me print requirement.

### **The recommended option (option 3)**

Lot 3 – consumable purchases.

16. The Council intends to call off from the second lot immediately. However, the tender exercise has created a rounded and cost effective approach to buying goods and services for printing. This will create the maximum flexibility depending on the needs of the schools, libraries and the Council itself, whose requirements may be very different,
17. This contract will be able to serve the South East region for all Boroughs, Districts and County Council and this could lead to potential future economies of scale as authorities join up their requirements
12. A managed print service is where a company manages the devices and maintenance in a unified fashion. It offers SCC the flexibility to pay for the service based on volumes of documents actually produced (whether these are print, photocopying or fax). The service provision will include:
  - all project management costs for the implementation
  - all of the machines
  - the service support of those machines
  - the associated consumables.
13. A fully managed print service will meet the Council's future printing requirements through:
  - proactive maintenance of the Council's printer estate as well as rationalisation – fewer desktop printers and more consistent use of brands and models,
  - on-going optimisation of the Council's printer estate
  - a positive impact on the Council's carbon 'footprint' and energy consumption,
  - provision of management information with consolidated billing
  - rationalisation of the use of consumables – including cartridges and paper.
14. During the process of evaluating the route to market, meetings with Kent County Council (KCC) concluded that both Councils were in the same position with their printing and have similar requirements. After discussions it was agreed that both KCC and SCC would go to the market in a joint activity to maximize the commercial leverage. Guildford Borough Council also joined the procurement process as did Kent and Medway Fire Authority.
15. A tender exercise has been undertaken using the Bravo e-tendering system. (the results of which are detailed in the Part 2 Annex, item 23). The tender is designed to set up a framework which will have three lots:

Lot 1 - capital purchase of equipment.

Lot 2 - managed service provision.

18. The savings and efficiencies that the procurement exercise will realise will be further enhanced through future changes in behaviour.
19. The existing behaviours regarding printing across the Council need to change and modernise in keeping with the office improvements and new ways of working staff are now adopting. There is currently a high tendency for staff to print off emails and documents that could, and should be read on screen. One of the main reasons for this is the ease of printing to a printer that is adjacent to the individual. There is further evidence that staff will print off documents, but do not retrieve them from the printer/copier and are therefore wasting paper, toner and energy.
20. The new provision of devices will help to support our staff in more flexible ways of working and enhance our level of confidentiality when printing documents. For example, the benefits that will be achieved include:

	Benefits
"Follow Me" printing (no document is printed until the individual enters their unique identity)	<ul style="list-style-type: none"> <li>• Printing of documents will not occur until the individual is present at the device.</li> <li>• A time period for collection of printing can be set, and printing not collected in that timescale will be deleted.</li> <li>• No confidential documents would be vulnerable to being left exposed on printers.</li> </ul>
The individual can specify the printer they want the document sent to	<ul style="list-style-type: none"> <li>• A member of staff undertaking a piece of work away from their normal base, can specify the printer they wish to collect the information from. E.g. a report prepared and sent to a printer from home, could be collected on the way in to a meeting. Ensuring just in time information management.</li> </ul>

21. These changes will lead to less printing and less waste and therefore a further reduction in the amount the council will pay.
22. A multidisciplinary project team, based and project managed within the Change & Efficiency Transformation team, will be working with the approved supplier to support and guide the implementation, as well as supporting staff to take full advantage of this change and playing a part in their increased flexible working arrangements. The supplier will be providing a project manager for this phase of the project. The implementation will be underpinned by a robust and timely communications and engagement plan..
23. The new supplier will carry out a full audit site by site as part of the implementation phase. This will give a comprehensive and complete picture of all equipment and leases. The supplier will then present a site specific business case, which will take into consideration any existing leases and newly purchased equipment. This will ensure that the most commercially advantageous options are signed off by the project team as part of the governance structure.

## **CONSULTATION:**

24. This project is a collaborative project with Guildford Borough Council, Kent County Council and Kent Fire and Rescue. There have been extensive meetings with these authorities and they have also been involved in supplier discussions.

## **RISK MANAGEMENT AND IMPLICATIONS:**

Describe the risks associated with this project	Risk Description	Mitigation Action
Financial Risks	There are risks that costs could escalate through the lifetime of the contract	This will be mitigated by having a commercial contract manager within Procurement. The detailed solution for each site will be signed off by SCC before it is implemented (with a right of refusal)
Reputational Risks	Poor performance of the supplier leads to reputational issues for the Council	Careful selection of suppliers and careful management and audit of service by IMT and Facilities staff.
Service delivery risks	Cultural change is not achieved	A project team will be in place supporting the implementation. The team will sit within the CAE Transformation team.

## **Financial and Value for Money Implications**

25. The estimated cost of printing and photocopying is approximately £1,275,000 per annum. These costs have been estimated based on spend data however a comprehensive figure cannot be established until the full audit process has been concluded. This will be further validated in the implementation phase.
26. The results of the tender process for the managed service will deliver estimated savings of £500,000 per annum, once the managed service solution is fully operational, which is expected to be the financial year 2015/16. A timeline of the expected net savings expected is included in the part two annex (item 23).
27. These savings will be achieved as a direct result of printer rationalisation and reductions in consumables costs. They are based on the current level of demand being sustained in the future, although we are expecting demand to reduce. Current demand levels have been calculated based on the amount of paper used (c. 32 million sheets per annum).
28. The estimated savings do not include reduced utility costs. Once the supplier has completed the equipment audit, an estimate of the utility savings achievable will be calculated.
29. As already detailed in this report, further savings will also be generated through managing changes in the pattern/overall level of demand, e.g. reduction in the use of paper through reduced printing.

30. The contract will be funded through a central budget held by Property which will improve the Councils ability to understand the cost of printing and raise its understanding of how to drive those costs down. The budget will be created from budget virements from each department based upon the cost and usage information as established during the first implementation phase.
31. The contract will be managed three ways during the contract. Initially the contract will be managed by the Transformation project manager as part of the implementation in conjunction with IMT. Post implementation the contract management will sit within the Property Services Facilities Management team. Procurement will commercially manage the contract throughout its lifetime.
32. With a fully networked solution all usage can be tracked with auditing software to provide management information on who printed what, when and where.
33. The back-office administration can be reduced by providing a single invoice per quarter which covers all print devices on the contract and all aspects of output.
34. A report will be provided to the leader one year after the commencement of implementation detailing all benefits realised compared to those outlined within this report.

#### **Section 151 Officer Commentary**

35. The Section 151 Officer confirms that the financial implications of the recommendation are covered in this paper and the associated part two annex (item 23). The profile of estimated savings will be further validated during implementation.

#### **Legal Implications – Monitoring Officer**

36. The Monitoring Officer confirms that all material legal implications and legislative requirements have been considered in this report.

#### **Equalities and Diversity**

37. The Council has been mindful of its equalities duties in carrying out the procurements relating to this paper. Under the Equality Act 2012 when considering this item, the Cabinet should have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it - the relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation
38. The procurement process for the Framework agreement was undertaken through an EU Procurement procedure, which was advertised to allow suppliers to express their interest. An electronic tendering platform was used through the Bravo E-sourcing Portal.

39. The contract which the suppliers will sign stipulates that they will comply with the relevant equality and diversity legislation (including the Equality Act 2010) whilst performing the services. The contract also requires the supplier to adopt SCC's equal opportunities policy when recruiting and dealing with their personnel.
40. An Equality Impact Assessment will be completed at each site prior to implementation.
41. All suppliers will be able to provide a range of equipment which meet DDA requirements.

#### **Climate change/carbon emissions implications**

42. Changing SCC's printer estate will dramatically improve the carbon footprint for printing within the County Council. The current old printers do not power down which new machines will do. There will be a reduction in paper usage as the proposal will reduce waste caused by print outputs being left uncollected by printers. The new provider will be tasked in demonstrating carbon reductions as part of the contract performance indicators.
43. Multifunctional devices are energy star accredited. A key criterion for Energy Star compliance is the automatic 'power down' function that reduces the machine's power consumption when not in use.
44. The standard energy consumption of some MFD's can be as low as 1w, compared to 690w for older devices.
45. The MFD's use on demand fixing technology which only heats up when required saving up to 75% of energy compared to traditional fixing technology.
46. All old printers will be disposed off in accordance with the WEEE regulations.

#### **WHAT HAPPENS NEXT:**

Approval by Cabinet 26 March 2013

Award the framework 5 April 2013

Award the call off 15 April 2013.

Activate the contract 16 April 2013.

March 2013 implementation team active and communications with services commences.



**Contact Officer:**

Bernice Milton, Senior Category Specialist HR and Corporate Procurement and Commissioning

Tel: 020 8541 9649

**Consulted:**

Cabinet Member Change and Efficiency

Head of Service IMT

Head of Service Transformation

Building users groups

Making a Difference Project Board

Category Manager CEC

**Annexes:** None

This page is intentionally left blank