

REPORT TO: Executive Board Sub-Committee

DATE: 16 July 2009

REPORTING OFFICER: Strategic Director Corporate & Policy

SUBJECT: Procurement of Externalised Print Services
Preliminary Estimates Report

WARDS: Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 The existing arrangements for the Council's printing requirements need to be rationalised. It is proposed that a formal tender process be undertaken to achieve improved value for money. This report gives details of the estimated preliminary costs in accordance with Procurement Standing Order 2.1.

2.0 RECOMMENDED: That, in accordance with Procurement Standing Orders and current EU Procurement Regulations 2006, a formal tender procedure for the provision of externalised print is undertaken and a contract implemented to maximise procurement opportunities for the Council.

3.0 SUPPORTING INFORMATION

3.1 Outline of the current service

Print and copying requirements are currently fulfilled in a number of ways:

a) By accessing the in-house services offered by the print unit. The unit in effect provides a 'copying' service, producing committee papers; stationery (including pay slips); plus low quantity runs of leaflets, posters etc, where artwork is supplied.

b) Where the requirement cannot be accommodated in-house, the print unit offers a 'print management' service, supporting officers in the procurement of appropriate externalised print services.

c) Finally, officers procure print direct from a supplier of their choice.

Analysis in this last area shows that in one year, spend on externalised print services was in excess of £500,000 broken down by directorates as follows.

Directorate	Value £
Environment Directorate Children & Young People Directorate	151,600
Corporate & Policy Directorate	144,627
Health & Community Directorate	127,902
	96,912
Grand Total	521,042

This spend is currently spread over 92 separate external suppliers.

There are no formal arrangements in place for the procurement of these externalised print services, which encourages inconsistent pricing throughout the Council for similar products, diluted purchase spend from lack of aggregation and increased administration costs from the high volume of transaction activity.

3.2 Change in context

This report seeks approval to establish a corporate solution from formal contract arrangements for the procurement of externalised print services, split across a series of lots to ensure fair competition and transparency for our whole supply community:

Lot 1	General print
Lot 2	Marketing material
Lot 3	Promotional items
Lot 4	Banners/flags and signs

In order to provide improved support to Directorates a 'Print Desk' (similar to existing arrangements for travel and hotel bookings) will be introduced, staffed with resource from the existing print unit. The Print Desk will be responsible for the sourcing of all print requirements. They will decide if work can be accommodated in-house and where not, use their expertise to procure relevant services through the new contracts.

All print requirements will have a council Purchase Order placed with the relevant supplier, which will be raised via the Council's financial system, Agresso. Further efficiency gains will be made from utilising Agresso and E-Procurement which will reduce duplication within a paper based administration process and allow for invoices to be scanned. Electronic catalogues can also be created on the Council's IDEA Marketplace to integrate with Agresso and populate print requirements.

3.3 Links to corporate objectives

The new arrangements seek to support the current aims of the efficiency review, establishing a corporate-wide contract and creating a centre of excellence for print services to deliver efficiency and value for money.

3.4 Costs of service

The annual cost of the print unit is £304,000. In addition, as stated above, the cost of externalised print is in excess of £500,000. With a contract period of two years, the overall contract value would be in excess of £1m.

Costs of establishing the day-to-day provision of the Print Desk will be accommodated within current staffing costs.

3.5 Project risks and controls

With no formal arrangements in place, there is currently little control and monitoring of expenditure in relation to externalised print. With spend spread across 92 suppliers purchasing power is diluted with little opportunity to seek discounts, or to build relationships with suppliers.

With so many suppliers, it is also very difficult to establish quality procedures and monitor the application of our corporate identity. This increases the risk that materials are being produced that do not adhere to the brand, and/or fall short of our quality standards.

It is important that the new arrangements reflect the diverse requirements of the authority. To ensure this happens, a working group (with representatives from procurement, print unit and communications) is in place to develop the contracts with the support of a cross-department officer forum. The forum has met on several occasions, with officers providing detailed information on current spend, samples of products purchased and offering valuable insight into their requirements for the contract.

In addition, a number of supplier forums have taken place to outline our intentions and to gain feedback from the marketplace.

Once the arrangements are in place, a procurement officer will take responsibility for the contract management and work closely with the Print Unit to monitor performance and compliance with the contract from both suppliers and internal officers activity by means of KPI (Key Performance Indicators), which will be stated in the tender documents. Contract Management will be ongoing for the life of the contract to ensure continuous improvement and value for money opportunities are achieved.

3.6 Method of procurement

Halton is a member of the Merseyside Procurement Collaboration Group and intends to let this contract as an open framework agreement available to all members of the Merseyside group:

Liverpool CC
Wirral
St. Helens
Knowsley
Sefton
Mersey Travel

EU Procurement Regulations 2006 will need to be followed as the value threshold exceeds £1million.

The contractor will be selected by the Council following the Restricted Procedure for the Tender, which will include the following elements of procedure:

- Advertise for expressions of interest on the OJEU (Official Journal of the European Union).
- PQQ (Pre Qualification Questionnaire) will be issued to those suppliers expressing an interest.
- Evaluation of PQQ and shortlist
- Issue ITT (Invitation to Tenders) to shortlist
- Evaluation ITT (to include Presentations, site visits and samples)
- 10 day standstill period will take place prior to award and signing of the contract.

3.7 How the proposed method of procurement fits with the Authority's procurement policy

The method of procurement will follow the Best Practice principles of the Council's procurement policy and maximise opportunities to deliver best value and efficiency savings from continuous improvement and contract management once the contract has been embedded within the council. The contract will award on the Most Economically Advantageous Tender (MEAT) and include procurement principles of sustainability and Equality within the supply chain.

4.0 POLICY IMPLICATIONS

In accordance with Procurement Standing Orders 2.1 this report is laid before Executive Board Sub Committee.

With spend in excess of £500k per annum (and a total contract period spend in excess of £1m) to ensure compliance there must be a formal OJEU tender procedure and contract awarded.

A Print Policy is being created that will give clear direction of procurement requirements for all officers to comply with when they have a need to purchase print/promotional items. This will be approved by the start of the contract.

5.0 OTHER IMPLICATIONS

None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

None Identified

6.2 Employment, Learning and Skills in Halton

None Identified

6.3 A Healthy Halton

None Identified

6.4 A Safer Halton

None Identified

6.5 Halton's Urban Renewal

None Identified

7.0 RISK ANALYSIS

The award of the contract to a number of suppliers across a series of lots as opposed to a sole supplier will provide officers with greater choice, flexibility, and access to specialist services, while offering the authority greater value for money than currently exists.

The establishment of the print desk will enable greater control and performance monitoring as well as enable suitably skilled officers to source from the most appropriate supplier.

8.0 EQUALITY AND DIVERSITY ISSUES

By awarding the contract as a series of smaller lots, accessibility to a wider number of potential suppliers including SME's is possible.