

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**  
**EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE**  
**CABINET**

**Date**                      **26 September 2017**

**REPORT TITLE:** Contract for provision of multi-functional devices (MFDs)

**Submitted by:**                      **Head of Communications**

**Portfolio:**                              **Finance, IT and Customer**

**Ward(s) affected:**                      **All**

**Purpose of the Report**

To seek Cabinet approval for the contract arrangements outlined in this report for the provision of multi-functional devices at Newcastle-under-Lyme Borough Council.

**Recommendations**

- a) That Cabinet welcomes the potential savings, efficiencies and contribution to more modern working practices at the Council which this contract will help to deliver.
- b) That Cabinet endorses the procurement process in the report and delegates authority to the Chief Executive in consultation with the Portfolio Holder for Finance, IT and Customer to complete the contract process with Canon UK Ltd on the terms outlined.

**Reasons**

The Council's existing contract for the provision of multi-functional devices expires at the end of November 2017. The agreement put forward in this report will enable the Council to generate financial efficiencies while further reducing its carbon footprint. It will also support the Council's efforts to promote more modern working practices which involve a focus on electronic storage and less dependence on "hard copy" records management.

1. **Background**

- 1.1. In the early part of 2010, the Council began a project which set out to examine whether a more efficient and effective process could be introduced for the provision of desk top printers, copiers, scanners and faxes for staff and elected members.
- 1.2. An initial print investigation revealed the Council had around 190 devices which comprised 76 different machine models provided by 13 separate manufacturers. In terms of expenditure and monitoring consumables alone this was obviously a very difficult and complex operating system.
- 1.3. As a result, the Council established a Project Board to deliver a new print solution. This board steered the Council through a process which involved

securing a single supplier of multi-functional devices (MFDs) using a Government Procurement Services Framework. The solution was procured by way of a compliant process advertised in the Official Framework of the European Union (OJEU).

- 1.4. Canon UK Ltd was appointed following this procurement process and a contract with the company was implemented at the beginning of December 2010. This was for an initial three years with the option of two separate 12-month extensions subject to satisfactory performance reviews. Both of these options were subsequently taken-up.
- 1.5. This agreement led to the phasing out of the majority of the devices outlined in 1.2 and they were replaced with 24 MFDs. A small number of legacy devices were retained for operational reasons where specific business cases could be made by services.
- 1.6. In August 2015, Executive Management Team (EMT) considered a report which outlined a range of options for MFD provision at the end of the Canon agreement. In particular, officers considered what the likely impacts would be for staff in making the transition to a new, shared public sector hub - namely their print, scanning and fax requirements; the introduction of more agile working practices; an increased focus on reducing hard copy storage and a move towards electronic storage.
- 1.7. At that moment in time, it was difficult to fully understand all of these impacts and that, combined with the fact the initial projection for a move into the hub was early summer 2017, meant that the best option facing the Council was a direct contract award to Canon through the CCS RM 1599 Framework. This was based on some rationalisation of the existing MFD fleet and replacing devices nearing the end of support with some new devices.
- 1.8. Benchmarking to ensure “best value” for the Council with any direct award also took place with an alternative provider.
- 1.9. A reduced term agreement – which did not have to be reported to Cabinet as the value was less than £50,000 – was put in place and this expires at the end of November 2017.

## 2. **Issues**

- 2.1. During the last two years, details over working practices and arrangements at the Castle House public sector hub have become much clearer and the Council now not only has a very clear indication of how staff will be expected to work following occupation of the new building but also the numbers who will work from there each day as well as those working in a more agile way.
- 2.2. The Council's decisions regarding occupancy of Castle House have also had an impact on a range of other buildings owned by the authority which in turn affects MFD provision across the whole organisation.
- 2.3. Members will also be aware of the extensive work which has gone on in terms of the Electronic Documents Record Management programme at the Council.
- 2.4. All of the above means the Council is in a good position to consider a further rationalisation of its MFD fleet.

- 2.5. Your officers believe the Council can halve the current fleet to 11 devices. As well as saving the Council money this will also further reduce our carbon footprint.
- 2.6. Both these goals can be achieved without adversely affecting how MFDs support staff as they carry out their duties.
- 2.7. By adding a scanner into the contract the Council can support staff in Revenues and Benefits as they work with claimants in Castle House.
- 2.8. The Crown Commercial Framework RM3781 Lot One is a recognised procurement route for significant numbers of public sector organisations. Canon is the sole supplier on this framework.
- 2.9. While the proposals for changes to the MFD fleet will generate savings for the Council, officers are conscious this is only one part of the “best value” equation. To ensure a fully rounded understanding of this issue, a benchmarking exercise has taken place with an alternative provider.
- 2.10. This process satisfied officers that “best value” is being achieved by the proposals under consideration by Cabinet.

### 3. **Proposal**

- 3.1. It is proposed that the Council uses Crown Commercial Framework RM3781 Lot One to procure MFD services at the Council for a three-year term with an option of two 12-month extensions subject to satisfactory performance reviews. Canon is the sole provider on this framework and therefore the agreement will be with them.
- 3.2. A key consideration for the Council in making this proposal has been the ability to maintain access to print management and E-copy/Northgate connectors. Northgate Information@Work is the Council’s corporate Electronic Document Record Management (EDRM) system and it is envisaged that this will remain the case as a minimum for the next three years.
- 3.3. As part of the existing MFD agreement, the Council bought a number of E-copy licences and connectors which integrate directly into Information@Work. This allows users to scan documents directly into a filing system from an MFD without having to scan to a network drive or e-mail and then drag or copy the file and delete the original. These processes are widely used across the Council and are embedded into a variety of work areas notably Revenues and Benefits.
- 3.4. With more filing systems coming online and efforts to widen access to existing filing systems, it is important to ensure that a scan to Northgate functionality is retained. Because of this the MFD contract cannot merely be seen in terms of printing.
- 3.5. The move to Castle House will impose a significant strain on the Council’s ICT resources as more agile and modern working practices – and the reliance on technology/ICT support that comes with that – are embedded within the authority.

- 3.6. Although this should not be used as a principal reason for not carrying out a full procurement process, it is a factor which can be borne in mind when considering procurement options and solutions. In the “financial and resource implications” section of this report, further information is given regarding an assessment of how a change in provider could impact not only on ICT resources but also other staff
- 3.7. Staffordshire County Council will be the single biggest occupant of Castle House which will also be shared with Staffordshire Police. They both share the same provider at this moment in time but have separate contracts and contract lengths. Aligning all MFD provision at Castle House will be an aspiration moving forward if it can be shown that this process will be financially beneficial to the Council and support more efficient working practices.

#### 4. **Reasons for Preferred Solution**

- 4.1. The proposals outlined in this report will result in financial savings for the Council of around £50,000 from the base budget in a full year.
- 4.2. If the Council can continue to drive down printing costs, in particular through a robust approach to the use of colour and single-sided printing, greater savings can be achieved.
- 4.3. Using an established framework such as the one identified earlier in this report ensures a guaranteed level of service provision as providers have to fulfil a variety of criteria to qualify for inclusion.
- 4.4. Following this procurement route will also eliminate the need to call on scarce ICT resources to implement software changes and oversee integration processes from a new provider. It will also ease re-training pressures on staff that will need to be introduced to any new solutions. A detailed breakdown on both of these impacts is included in the financial and resources section.
- 4.5. During the last seven years the contract with Canon has delivered savings well in excess of £100,000; dramatically reduced the Council’s carbon footprint; helped transform print behaviours amongst staff at the authority. This agreement will help to build on that excellent record of achievement.

#### 5. **Legal and Statutory Implications**

- 5.1. The Crown Commercial Service (CCS) is an executive agency and trading fund of the Cabinet Office for the Government. It is responsible for improving government commercial and procurement activity.
- 5.2. The Crown Commercial Framework RM3781 Lot One – under which the Council is being advised to award this contract – is run under the guidance and jurisdiction of the CCS.
- 5.3. It advises that under Lot One no standstill period is required after a contract is awarded.

#### 6. **Equality Impact Assessment**

- 6.1. There are no equality impact assessment issues arising from this contract award.

7. **Financial and Resource Implications**

- 7.1. As outlined in 4.1, following the procurement route outlined in this report will help to deliver savings of around £50,000 for the Council from its base budget.
- 7.2. As well as ensuring general staff requirements for print, fax and scanning are met, this proposal will also ensure bespoke scanning services for Revenues and Benefits staff in the new reception area at Castle House. A key part of the services they currently provide to customers involves the scanning of documents which support benefit claims. Moving forward it is likely that self-scan services will be developed in Castle House but while this process is in development the continued provision of scanning is vital as it enhances the service provided to large numbers of residents.
- 7.3. Scanning services at the Guildhall are currently provided by the existing MFD fleet. The reduction in fleet size – aligned to the fact the reception set-up at Castle House will be very different to what is in place at the moment – means changes are required. While an MFD will be available for all staff in reception, a bespoke scanning option for Revenues and Benefits is essential while self-scan develops. As part of the initial hardware solution put forward to Canon, it has been agreed a scanner will be purchased. This has been factored into the savings outlined in 7.1.
- 7.4. A consideration taken into account when assessing the relative merits of direct award versus a standard procurement process was the potential impact a new provider would have on staff resources. An assessment has been made of this impact which breaks down into 14.5 days for ICT; one day for finance and the equivalent of 20 days for all staff. This final figure is based on 300 members of staff receiving just half an hour of training each.
- 7.5. In addition, direct award means the Council has not had to go through a full-blown procurement process which again has an impact on staff involved in preparing a specification; reviewing documents, evaluation and award processes.
- 7.6. It has been well documented that the move to Castle House will not only save council taxpayers millions of pounds over a number of years but also streamline access arrangements for customers to a range of public services. However, to achieve these benefits there will be an initial impact on staff as mentioned previously. One of the key areas where the pressure will be particularly felt is ICT.
- 7.7. For that reason, it is being recommended that where practicable, the transition to a new contract will not be left until the expiry of the current arrangement but will instead be tailored to the move to Castle House. This should ensure ICT being asked to implement one significant set of MFD changes rather than one to enable the move from the Civic Offices and then a second shortly afterwards to introduce devices linked to the new contract.
- 7.8. Whilst the savings outlined in 7.1 are already significant, there is an opportunity for further efficiencies to be gleaned from MFD services moving forward and Cabinet support will be helpful as efforts continue to:-
- a) Encourage Executive Management Team to continue to drive forward further reductions in “legacy devices” at the Council.

- b) Develop a culture across the organisation which supports mono printing and utilise colour only when absolutely necessary.
- c) Insist on duplex printing for all materials where appropriate.
- d) Avoid using the MFDs for “bulk” printing jobs - which are generally accepted to be 50+ pages – and work with the Communications Service to consider more economic options.

8. **Major Risks**

- 8.1. Not having a contract in place will impact on the ability of staff to carry out their roles efficiently and effectively by removing their capacity to print, scan and fax materials.
- 8.2. Delays in the implementation outlined in 7.6 runs the risk of significant impact on council ICT resources.

9. **Key Decision Information**

- 9.1. The report involves projected expenditure in excess of £50,000 during the life of the contract and has therefore been included on the Forward Plan.

10. **Earlier Cabinet/Committee Resolutions**

- 10.1. None.

11. **List of Appendices**

- 11.1. None