

Item No.	Classification: Open	Date: 25 September 2017	Meeting Name: Strategic Director of Housing and Modernisation
Report title:		Gateway 3 – Variation Decision Printing and Document Management Services (PDM)	
Ward(s) affected:	or	groups All wards	
From:		Head of Corporate Facilities Management	

RECOMMENDATIONS

1. That the strategic director of housing and modernisation approves the variation of the printing and document management services contract to Swiss Post Solutions Ltd to extend the term of the contract for a period of 1 year from 1 October 2017 at an estimated cost of £600k.
2. That the strategic director of housing and modernisation notes that the cost of this contract extension (£600k) combined with expenditure for the period 1 March 2015 to 30 September 2017 makes a total estimated contract value of £2,174,000.

BACKGROUND INFORMATION

3. A joint Gateway (GW) 1 and 2 report was approved on 12 September 2016 awarding the printing and document management services (PDM) contract to Swiss Post Solutions Ltd (SPS) for the period 1 March 2015 to 30 September 2017, with an option to extend by a further year from 1 October 2017.
4. The current contract provides the following print services including reprographic and non-reprographic services:
 - a. reprographic, e.g. general and digital printing, scanning and bulk photocopying
 - b. non-reprographic, e.g. all other design and high quality print.
5. The 12 month extension was included for the corporate facilities management (CFM) team to use should they need to extend the current service in case the review of all options for the delivery and management of this service became delayed and the new procurement process could not be completed in time before the expiry of this contract.
6. This report is now seeking approval for a 1 year extension to ensure service continuity as well as to engage further with relevant stakeholders to fully understand the requirements needed as well as the available technology and systems to be able to procure a new contract to be in place when this current contract ends.

KEY ISSUES FOR CONSIDERATION

Key Aspects of Proposed Variation

7. The nature of the proposed variation is to exercise the option in the contract and extend for a further period of 1 year whilst a review of the council's requirements is completed to enable a new procurement exercise to be undertaken. The revised completion date will therefore be 30 September 2018.
8. The estimated value of this proposed variation to the PDM contract is £600,000, combined with the value of the approved contract period 01/03/2015 to 30/09/2016 is £982,200 and the approved contract period 01/10/2016 to 30/09/17 of £592,000 together with the estimated value of this proposed variation, brings the estimated total to £2,174,000. The value of this extension to the PDM contract as a percentage is estimated to be 38.1%.
9. The estimated figure of £600,000 required for this proposed variation, as opposed to the estimated figure of £458,000 approved for the last contract period (01/10/2016 to 30/09/2017) is based on current expenditure from February 2016 to January 2017 being £592,000.

Reasons for Variation

10. As noted in paragraph 6 above, the main reason for this extension of 12 months is to further consult with users of the service to identify their needs as well as review expenditure of this service due to the council's digital agenda. Whilst a third party framework, a Crown Commercial Services (CCS) framework, Reference: RM3781 was identified to carry out a procurement exercise under, it was noted that all suppliers have web based electronic ordering system facilities and do not need to provide a print manager to co-ordinate ordering which prompted a review of the council's current requirements to be carried out where there is still a need to have a print manager to co-ordinate ordering for its departments.

Future Proposals for this Service

11. Procurement options are now currently being considered and will be detailed in a GW1 report that will be scheduled for sometime in January/February 2018.
12. Further work needs to be undertaken to establish the requirements for a new service which will include further discussions with officers across the council and will take into account current work being carried out on the council's digital strategy which may result in the lessening of printed material being required as more material is sent out digitally and electronically. The specific need for certain key stakeholders such as electoral services and the chief executive's office must be identified and thorough management information analysis will be required before the procurement can begin.
13. Meetings have already taken place with key stakeholders to assess the specific needs of clients, with more to be held, and will be included within the new procurement options.

Alternative Options Considered

14. No alternative options are being considered for this variation however procurement options will be considered in the future Gateway 1 report as noted in paragraph 12 above.

Identified risks for the Variation

Risk No.	Risk Identified	Risk level	Mitigation
R1	Possible risk of challenge.	Low	This is a relatively short contract and service continuation is required to allow a new procurement to be undertaken. Regulations 72(1) (e) of the Public Contracts Regulations 2015 (PCR 2015) will be relied upon for this negotiation.
R2	The quality of service drops during the extension period with SPS		Proactive contract management and on going performance monitoring of SPS based on agreed KPI's will be carried out.
R3	The service review and new procurement exercise fail to meet the timeframe specified		The project management of the new procurement process will ensure that adequate service provision is in place.
R4	SPS ceases trading, goes into administration or liquidation	Low	A recent credit check on 04/04/17, which is scored out of 100 with the minimum achieved score set at 60, indicates that SPS scored a Delphi rating of 89 out of 100 which indicates that there is a low risk of such an event to occur.

Policy implications

15. This contract will support council departments who need to produce printed information in line with the council's communication standards/protocols.

Contract management and monitoring

16. The current contract is monitored by the CFM team by way of regular contract review meetings and utilisation of management information.
17. The performance of SPS has been good and they have continued to perform at a level in line with or above contractual requirements, thus continuing to demonstrate value for money for the council.
18. Monitoring and management arrangements will continue in accordance with the provisions of the current contract. These arrangements include:
- Monitoring expenditure and compiling monthly spend profile reports.
 - Checking invoices for accuracy.
 - Providing a robust single point of contact for end users.
 - Proactively responding to complaint and service improvement requests.
 - Chairing monthly contractor performance monitoring meetings.
 - Ensuring contractor monthly reports are received timeously.

Community Impact Statement

19. This decision has been judged to have no or a very small impact on local people and communities.

Social Value considerations

20. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well being of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

Economic considerations

21. The full cost of this service for the required period is set out in the financial implications.

Social considerations

22. SPS has confirmed that all relevant staff continues to be paid at least the London Living Wage rate.

Environmental/Sustainability considerations

23. As part of the council's green buildings programme staff will continue to use recycled paper where practical

Financial Implications

24. SPS are not able to decrease the pricing schedule that was agreed when the contract was let due to the council having already a "premium service" in terms of specific delivery requirements.
25. This is a call off contract, which is recharged to the departments who use it. The departments hold their own budgets and are responsible for monitoring them.
26. The council's general fund budget for 2016-17 was agreed in February 2016 and includes estimated budgets for planned PDM work. It is important that budgets are closely monitored as work is commissioned to ensure that these budgets are not exceeded.
27. The approximate cost for the contract extension will be £600,000. The contract value including the last extension agreed on the 14 July 2016 is £1,574,000. With this extension the contract total value is an estimated £2,174,000.

Legal Implications

28. Please see concurrent from the director of law and democracy.

Consultation

29. All internal departmental stakeholders have been consulted.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance

30. This report seeks approval to extend the printing and document management services contract with Swiss Post Solutions Ltd for a period of 12 months from 1 October 2017 at a cost of £600k.
31. It is noted that the estimated value is broadly in line with expenditure during the previous twelve months, but that this significantly exceeds what had been anticipated for that period.
32. While the report notes the reason that an improved price from the supplier could not be secured and that this is a call off contract, where costs are recharged to those departments purchasing services, it is important that the contract continues to be closely monitored to help ensure that value for money is maintained and to inform the nature of future service requirements.
33. In addition to monitoring their budgets, departments should also be encouraged to review what they purchase and actively assess whether other, more cost effective media is available.

Head of Procurement

34. This report seeks the approval of the strategic director of housing and modernisation for the variation of the printing and document management services contract with Swiss Post Solutions Ltd for an extend of the term of the contract for 1 year from 1 October 2017. The estimated cost for the year is £600k. The estimated total cost of the contract, including the expenditure during the period 1 March 2015 to 30 September 2017, is £2,174,000.
35. Paragraph 22 confirms that London Living Wage will be paid under the contract, whilst paragraphs 16-18 set out of the intended contract management and monitoring arrangements for this contract.
36. Paragraphs 24-27 of this report confirm the financial implications of this variation and should be monitored as discussed and as in line with the CSOs for 6 months and Annual Performance Reports as set out.

Director of Law and Democracy

37. This report seeks the approval of the strategic director of housing and modernisation to extension to the printing and document management services contract which is being performed by Swiss Post Solutions Ltd. This report sets out the extent of the extension and the reason why an extension of 1 year is necessary.
38. The nature of this variation is such that it is subject to the tendering requirements of the Public Contracts Regulations 2015 (PCR 2015). Regulation 72(1)(e) of PCR 2015 permits contracts to be modified, irrespective of their value, if the

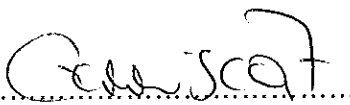
modification is not substantial. The justifications for relying on regulation 72 are noted in paragraphs 10 and 12.

39. The strategic director of housing and modernisation is advised that when relying on any ground for exemption from the requirements of PCR 2015, there is a potential risk of challenge on the basis that the council does not have sufficient grounds to justify negotiations in these circumstances. However, given that a review of the council's requirements is needed due to a market change to web based electronic ordering system facilities before a new procurement exercise can be carried out and will not be in place when this contract initially expires and the fact that the modification is not substantial and falls below the relevant EU threshold, it is considered that the risk is low.
40. As the decision to approve this extension falls within the circumstances noted in contract standing orders (CSO) 6.6.3 (e), the decision is reserved to the relevant chief officer (or under her delegated authority in line with the department's scheme of management).
41. CSO 2.3 requires that a variation decision may only be made if the expenditure involved has been approved. Paragraphs 24-27 of this report confirm the financial implications of this variation.

PART A – TO BE COMPLETED FOR ALL DELEGATED DECISIONS

Under the powers delegated to me in accordance with the council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature


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Date

4.10.2017

Gerri Scott, Strategic Director of Housing and Modernisation

PART B – TO BE COMPLETED BY THE DECISION TAKER FOR:

- 1) All key decisions taken by officers
- 2) Any non-key decisions which are sufficiently important and/or sensitive that a reasonable member of the public would reasonably expect it to be publicly available.

1. DECISION(S)

As set out in the recommendations of the report.

2. REASONS FOR DECISION

As set out in the report.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED BY THE OFFICER WHEN MAKING THE DECISION

none

4. ANY CONFLICT OF INTEREST DECLARED BY ANY CABINET MEMBER WHO IS CONSULTED BY THE OFFICER WHICH RELATES TO THIS DECISION

none

5. NOTE OF ANY DISPENSATION GRANTED BY THE MONITORING OFFICER, IN RESPECT OF ANY DECLARED CONFLICT OF INTEREST

If a decision taker or cabinet member is unsure as to whether there is a conflict of interest they should contact the legal governance team for advice.

n/a

6. DECLARATION ON CONFLICTS OF INTERESTS

I declare that I was informed of no conflicts of interests.*

or

~~I declare that I was informed of the conflicts of interests set out in Part B4.*~~

(* - Please delete as appropriate)

BACKGROUND PAPERS

Background Papers	Held At	Contact
Contract File	CFM, 2nd Floor Hub 4, 160 Tooley Street, London, SE1 2QH	Barbara Crabb 020 7525 1766

APPENDICES

No	Title
n/a	

AUDIT TRAIL

Lead Officer	Paul Symington, Acting Head of Corporate Facilities Management	
Report Author	Barbara Crabb, CFM Head of Contracts	
Version	Final	
Dated	25 September 2017	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Head of Procurement	Yes	Yes
Director of Law and Democracy	Yes	Yes
Cabinet Member	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet Member	n/a	n/a
Date final report sent to Constitutional Team		4 October 2017

**BACKGROUND DOCUMENT – CONTRACTS REGISTER UPDATE FORM –
GATEWAY 3**

Details	Original	Extension 1	Extension 2
Contract Name	Print and Document Management Services	Print and Document Management Services	Print and Document Management Services
Contract Description	Print services	Print services	Print services
Contract Type	Service	Service	Service
Fixed Price or Call Off	Call Off	Call Off	Call Off
Lead Contract Officer (name)	Barbara Crabb	Barbara Crabb	Barbara Crabb
Lead Contract Officer (phone number)	020 7525 1766	020 7525 1766	020 7525 1766
Department	Corporate Facilities Management	Corporate Facilities Management	Corporate Facilities Management
Division	Housing and Modernisation	Housing and Modernisation	Housing and Modernisation
Procurement Route	Single Supply	Single Supply	Single Supply
EU CPV Code (if appropriate)			
Departmental/Corporate	Corporate	Corporate	Corporate
Supplier(s) Name(s)	Swiss Post Solutions Ltd	Swiss Post Solutions Ltd	Swiss Post Solutions Ltd
Contract Total Value	£982k	£458k (actual value £592k)	£600k
Contract Annual Value	£982k	£1,574	£2,174m
Contract Start Date	01/03/15	01/10/16	01/10/17
Initial Term End Date	30/09/16	30/09/17	30/09/18
No. of Remaining Contract Extensions	2 x 12 Months	1 x 12 Months	0
Contract Review Date	01/12/15	01/03/17	01/03/18
Revised End Date	30/09/16	30/09/17	30/09/18
SME/ VCSE (If either or both include Company Registration number and/or registered charity number)			
Comments	N/A	N/A	N/A
London Living Wage	Yes	Yes	Yes

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