

Item No.	Classification: Open	Date: 21 June 2021	Meeting Name: Cabinet Member for Finance, Performance and Democracy
Report title:		GW1 Procure Print Management Contract	
Ward(s) or groups affected:		None	
From:		Strategic Director of Housing and Modernisation	

RECOMMENDATION

1. That the Cabinet Member for Finance, Performance and Democracy approves the procurement strategy for the procurement of print management services for a maximum of four years (three years plus an optional one-year extension) at an estimated cost of £3.22m by calling-off from Lot 2 of the Crown Commercial Services Print Management Services framework RM6170.

BACKGROUND INFORMATION

2. Most of the council's print requirement is provided via two contracts. The first is part of an IT contract with Capita Secure Information Solutions Ltd. (Capita) which is being decommissioned. The other and larger value contract is with Swiss Post Solutions Ltd. (Swiss Post) for the provision of print management services which has been in place since August 2014. The latter has been extended several times and now requires to be re-let.
3. Swiss Post provide the Print Management service which mainly consists of reprographic (e.g. general and digital printing, scanning and bulk photocopying) print services and non-reprographic services (e.g. all other bulk mail, design and high quality print).
4. Some of the print work currently provided by Capita will need to be carried out by the new supplier when that contract ends in October 2021. The remainder of that print work is being transferred to the contract with Northgate Public Services (UK) Ltd.
5. A list of the types of printing carried out by Swiss Post and the relevant print carried out by Capita is set out in Appendix 1. Note that this tender does not involve printing carried out in the office on multi-functional devices (photocopiers).
6. The total spend with Swiss Post over the last four years is £2.46m. A further £236k has been coded to sundry suppliers for design and print, and other services some of which could and should be carried out under the new contract. The estimated four-year value of the print work transferring from

Capita is just under £458k. During the latest financial year the spend with Swiss Post has increased.

7. In the first few months of 2021 PrintWeek (industry specialist journal) reported that manufacturers supplying the print industry gave notice of increased prices due sharply increased costs for aluminium, energy, packaging, inks, and freight rates. This is due to various reasons including increased material prices and import duties. Accordingly, the estimated value of the contract has been increased to account for this. It should be noted, however, that this service is partly demand-led and partly a steady requirement.

Summary of the business case/justification for the procurement

8. Whilst there is a greater use of websites and email to provide Southwark residents with information, many residents do not have access to such digital means, and there is, therefore, a continuing need for paper-based communications.
9. The council has a continuing need for a print service for the production of cabinet and committee agenda, business stationery, calling cards, newsletters, brochures, posters, banners, etc., as well as some remittance advices, payslips, and letters and notices related to insurance, debt recovery, etc.
10. One of the objectives for corporate facilities management (CFM) is to reduce and consolidate spend and suppliers by contracting with a single supplier. By doing so the Council continues to:
 - benefit from invoicing and payment efficiencies
 - make internal savings through the consolidation of expenditure, and
 - rationalise and aggregate the print document management spend.

Market considerations

11. Southwark Council has a variety of printing needs, some of which are relatively simple e.g. large volume print of newsletters, specialist such as for banners, hoardings, or promotional objects, and others require the printing to be machine readable.
12. IBIS World, which provides Industry Research Reports, at the end of 2020 reported that the print market size was £10bn with 9559 businesses in the UK. However, the industry has a low level of market concentration with the top 5 operators estimated to have a combined market share of 6.4%.
13. There are many print companies that specialise in all the different types of print work required so several contracts could be let to meet the council's needs. According to the British Printing Industry Federation (BPIF) the turnover share by product sector is 29% on business stationery, event programmes, advertising literature, etc., 23% on newspapers, magazines,

brochures, etc., 5% on security printing, 19% on printed packaging, 14% printing onto various (non-paper) materials, and 10% on other printing.

14. The BPIF numbers of business differed, reporting in 2019 that there were 7997 printing companies of which 1153 were in London and a further 2157 in the south-east and east regions surrounding London.
15. This is a very large and diverse market. A single provider is unlikely to have the capacity to be able to meet all of the council's needs.
16. Market research was carried out to identify what competitively tendered frameworks were available to use as the advantage of using an external framework is a reduction in initial procurement timescales. There are several frameworks that have been put in place, with the most flexible being the Crown Commercial Services RM6170.
17. Brexit has affected the print industry with import duties on materials e.g. ink ingredients, machine replacement parts. In addition, there are other increased costs in the supply chain as mentioned above and prices are expected to increase as a result.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

18. See the table below.

OPTIONS TITLE	DEFINITION	ADVANTAGES	DISADVANTAGES
Do Nothing Not recommended	Do not provide this service.	Financial saving by not providing the service.	-This would have a reputational impact on the council as the only communication available would be electronic, disadvantaging those residents without digital means. - Departmental issues – unable to fulfil responsibilities - End user issues e.g. no payslips/pension payments for former staff, rent payment issues - Communications routes with LBS residents is reduced

OPTIONS TITLE	DEFINITION	ADVANTAGES	DISADVANTAGES
Provide the service in-house Not recommended	Provide the printing requirements of the council in-house	Close control of the service on a daily basis	<ul style="list-style-type: none"> - Large capital outlay to purchase the different kinds of machines used in printing, finishing and fulfilment, and possibly, to rent or buy premises to house them and the staff - will still need to outsource specialist printing e.g. banners, mugs, cheques, etc. - Will take at least 8 - 12 months to implement due to staffing and machine purchase lead times. - Staff focus is still on Covid-19 and this is not considered an appropriate route at this time.
Undertake a stand-alone full procurement exercise Not recommended	This procurement would involve a formal Notice in Find a Tender System, shortlisting and evaluation of bids.	<ul style="list-style-type: none"> - This will allow for potential efficiency savings to be identified. - A competitive tender exercise is likely to achieve best value. - It could attract bids from a variety of suppliers 	<ul style="list-style-type: none"> - The market is very large with between 8000 9600 firms in England alone. There is likely to be a very large response to a tender invitation which would involve extended time spans to evaluate and short-list responses. This would involve considerable staff resources during a period when CFM staff focus is on council staff returning to work in offices following the route out of Covid19 lockdown. This procurement route is unlikely to provide a better response than

OPTIONS TITLE	DEFINITION	ADVANTAGES	DISADVANTAGES
			through an existing framework.
Collaborative Procurement exercise with other public sector organisations Not recommended	To improve the outcomes of this contract officers can work with suitable partners such as neighbouring authorities	Potentially increased savings available under the contract by aggregating the spend and utilising economies of scale.	- May not receive a bespoke service, responsive service may be restricted because of being part of a larger entity. - Same issue in carrying out the procurement as above, re Covid focus and with a very large market.
Negotiate a Local Authorities (Goods and Services) Act 1970 agreement Not recommended	Agree with another local authority that has in-house printing to take on part or all of the council's requirements	- No procurement required, - public money stays public	- The provider council's print manager may not give required priority to LBS print work. - For print which the provider council currently outsources, there would still be a management charge - May still have to procure a contract where provider council not able to provide a specific service - Unknown timescale to complete negotiations, particularly with staff focussed on Covid issues.
Access a Framework Agreement Different options are considered one of which is the preferred	Let a call-off contract from a public sector Framework Agreement (e.g. from CCS or Procurement for Housing)	- Quickest procurement process - Procurement for Housing's (PFH) Print Management and Multifunctional Device Solutions	- Third party manages the interface between some of the printer(s) and council staff - PfH Print Management and Multifunctional Device Solutions framework expires August 2021, so timescale is risky

OPTIONS TITLE	DEFINITION	ADVANTAGES	DISADVANTAGES
option as indicated below		<p>allows for further competition on Lot 1 to obtain best prices</p> <ul style="list-style-type: none"> - fulfils all printing requirements - CCS RM6017 Postal Goods, Services and Solutions, Lot 7: Hybrid Mail, Digital And Transformational Communication allows for further competition (hybrid mail is print and post) - CCS RM6071 Print Marketplace Further competition on Lot 2 allows for better prices than the framework maximum print rates and has, through regular competition, the possibility of further savings - single place for ordering all printing needs including complex, and secure printing - CCS RM6170 (Print Management Services Lot 1) Lot 1 is a direct award and very quick to implement. - single place for 	<p>short and the contract would be let at the end of the life of the framework.</p> <ul style="list-style-type: none"> - CCS RM6017 Postal Goods, Services and Solutions, Lot 7: Hybrid Mail, Digital And Transformational Communication does not cater for non-hybrid mail requirements so does not fulfil all printing needs - CCS RM6071 Print Marketplace requires an in-house print manager or allowing many users across the council to directly access the CCS procurement system to place their orders, which would be difficult to manage centrally. - CCS RM6170 (Print Management Services Lot 1) This allows direct award to one firm and therefore does not allow for competition and so the council may not obtain the best rates possible

OPTIONS TITLE	DEFINITION	ADVANTAGES	DISADVANTAGES
Preferred option		<p>ordering all printing needs including complex, and secure printing</p> <p>- CCS RM6170 (Print Management Services Lot 2) Fulfils all printing needs.</p> <p>Ability to define specific needs e.g. working with local supply chains</p> <p>Ability to move easily to take advantage of new digital technology or other innovative ways of printing, finishing, or fulfilment</p>	

Proposed procurement route

19. To provide the full printing service i.e. standard, hybrid mail and specialist printing requirements the council requires in the most effective way, whilst retaining an element of competition, the recommended option is to conduct a mini-competition using CCS RM6170 Print Management Services Lot 2. This option also offers different account management options. It is intended to obtain costs for two print account management options. It is intended to obtain costs for two print account management options: bespoke Account Management based at the council's office and bespoke Account Management based at the supplier's office, for comparison only, with the most appropriate option being recommended by the evaluation panel.
20. CCS Framework RM6170 was let in accordance with the Public Contracts Regulations 2015 and commenced on 28 December 2020 for 4 years. The duration of call-off contracts can be for up to 4 years.

Identified risks for the procurement

21. The table below identifies risks associated with this procurement strategy and controls to mitigate the risks.

Risk No.	Risk Identified	Risk Level	Mitigation
R1	Unable to deliver the procurement process before the contract expiry dates	Medium	CFM is working closely with the internal stakeholders and have the key departments lined up to enable this to be executed within the set timescales. Short extensions to current contracts will be sought, if required.
R2	Lack of staff resources to deliver new procurement	Low	There is resource within the CFM department to help support and deliver the new procurement strategy outlined.
R3	The successful supplier ceases trading or goes into administration/ liquidation.	Low	CCS checks their supplier panel prior to appointment. In addition a FAME financial credit check will be conducted prior to awarding the contract to the successful supplier, however, if the supplier ceases trading or goes into administration/liquidation during the course of the contract, the council has the ability to return to the CCS framework.
R4	Insufficient bids through the proposed further competition	Low	Soft market testing has been undertaken and the suppliers on the recommended framework have indicated that they would be interested in working with the council. This risk is therefore considered unlikely. Should there be insufficient bids a different route will be taken through the CCS framework.
R5	Risk of Challenge	Low	The framework route proposed has been let in accordance with the Public Contracts Regulations 2015. CCS provides guidance on how to carry out a call-off and the majority of the documents necessary.
R5	Brexit effects	Low	As mentioned in the body of the report the print industry has already been affected by Brexit. Brexit was a consideration in appointment to the framework. The firms will be asked for their specific Business Continuity plans with regard to the council's contract.
R6	Covid or other pandemic	Low	Planning for Covid is now a requirement under H&S Executive Guidance. Firms will be asked for their specific Business Continuity plans in relation to the current or another pandemic.

Key /Non-Key decisions

22. This report deals with a Key decision.

Policy implications

23. The Council has communication standards and protocols which the supplier will be required to apply.

Procurement project plan (Key decisions)

Activity	Complete by:
DCRB Review Gateway 1:	04/05/2021
CCRB Review Gateway 1:	20/05/2021
Brief relevant cabinet member (over £100k)	24/05/2021
Approval of Gateway 1: Procurement strategy report [IDM]	16/06/2021
Completion of tender documentation	01/07/2021
Issue Invitation to tender	05/07/2021
Closing date for return of tenders	27/07/2021
Completion of clarification meetings/presentations/evaluation interviews	05/08/2021
Completion of evaluation of tenders	06/08/2021
Forward Plan (if GW2 is key decision)	01/07/2021
DCRB Review Gateway 2: Contract award report	23/08/2021
CCRB Review Gateway 2: Contract award report	26/08/2021
Notification of forthcoming decision (if GW2 is key decision)	03/09/2021
Approval of Gateway 2: Contract Award Report [IDM]	09/09/2021
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision (If GW2 is key decision) (5 working days)	15/09/2021
Contract award	16/09/2021
Add to Contract Register	17/09/2021
TUPE Consultation period (if applicable) ends	29/10/2021
Place award notice on Contracts Finder	24/09/2021
Contract start	01/11/2021
Initial Contract completion date	31/10/2024
Contract completion date – if extension(s) exercised	31/10/2025

TUPE/Pensions implications

24. Provision will be made within the tender process for TUPE to apply and within the contract to cater for TUPE applying at contract termination.

Development of the tender documentation

25. The further competition documents will be a mixture of council standard documents and CCS general tender documents for this framework. To conduct the further competition with the framework suppliers, the following documents will be included, in the final suite of documents:
- a) invitation to tender
 - b) specification of requirements including Key Performance Indicators (KPI)
 - c) pricing schedule
 - d) evaluation criteria and weightings, and
 - e) additional council terms and conditions .

Advertising the contract

26. The call-off from the CCS framework will not be advertised. The framework agreement was advertised separately in accordance with the PCR 2015 (the Public Contracts Regulations 2015) and therefore it has fully engaged nationally with the market providers.

Evaluation

27. The evaluation criteria will be based on the framework's requirement of a minimum quality score of 40% and pricing a minimum of 10%. The framework has capped the upper level pricing for standard printing, e.g. business cards, letter-headed paper, etc. Quotations for ad hoc work orders will be obtained at the time of ordering.
28. For this tender, Quality will be allocated 40%, social value 10% with the pricing elements allocated the remaining 50%. Pricing will be based on a rate card for the standard printing, defined work that is carried out on a regular basis and a model for ad hoc orders for the purpose of price comparison. There will be two other pricing elements considered, for account management; for bespoke Account Management based at the council's office and another for bespoke Account Management based at the Supplier's office. The written response will be marked by the evaluation team drawn from users across the council and the account management option which provides the best advantage to the council in their opinion will be recommended.

Community impact statement

29. This decision has been judged to have none or little impact on local people.

Social Value considerations

30. 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 wellbeing of the local area can be secured. The details of how social value will be incorporated within the tender are set out in the following paragraphs.

Economic considerations

31. An estimated spend for this service for the intended duration is set out in the financial implications section. Bidders will be asked to obtain a quotation from at least one local supplier as one of the three quotations required for ad hoc print work.

Social considerations

32. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, suppliers engaged by the council to provide services within Southwark pay their staff at a minimum rate equivalent to the LLW rate. The successful supplier will be expected to meet the LLW requirements and call-off contract conditions requiring the payment of LLW included in the further competition documents. As part of the further competition process, suppliers will also be required to confirm how productivity will be improved by payment of LLW. This will be monitored during the contract review process.
33. The supplier's policies on training including apprentices in their offices and manufacturing areas, and how they encourage good practice in their supply chain/partners will be a criterion.

Environmental/Sustainability considerations

34. The council declared a climate emergency in March 2019 and is actively taking steps to reduce its impact to meet its aim of making Southwark Council carbon neutral by 2030. The tender documents will reflect that the council is cognisant of the role that its printing needs play in use of petroleum products and other finite resources in the production of paper, ink, etc. and, in delivering the printing to the council and end-user. Over the term of the contract, officers will be looking for all staff to consider the impact that their printing requirements will have and to reduce the council's need for printing.
35. As part of the council's green buildings programme staff will be required to continue to specify the use of recycled paper where possible. Suppliers will be required to say how they will meet this requirement.
36. As delivery of the printed material to council offices will be included within this contract, the relevant environmental credentials of the supplier will be considered.

Plans for the monitoring and management of the contract

37. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author will ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.
38. Normally, the main user of a contract takes on the role of contract manager, however, no one section of the council is responsible for 50% or more of the spend or number of orders. Therefore, CFM, which took responsibility for paying Swiss Post's consolidated invoices and recharging the costs, will take on the management of the new print management contract.
39. The CFM contract manager will monitor and manage the supplier to ensure they are performing up to the required standard. A representative from the Communications Team will be invited on an ongoing basis to attend regular contract meetings.
40. The performance monitoring will track Key Performance Indicators (KPI) such as:
 - a) Best value pricing of orders placed
 - b) Meeting scheduled print runs on time
 - c) the delivery of social commitments
 - d) the ongoing commitment to pay the London Living Wage (LLW) or local equivalent
 - e) presenting a mid-year performance review to the council's departmental contract review board (DCRB)
 - f) presenting an annual performance review to the council's corporate contract review board (CCRB)
 - g) compliance with the specification and contract terms
 - h) performance of the supplier
 - i) user satisfaction.Monitoring will also include:
 - a) risk management
 - b) presenting a mid-year performance review to the council's departmental contract review board (DCRB)
 - c) presenting an annual performance review to the council's corporate contract review board (CCRB)
41. The monitoring of the contract will also entail (but not be limited to) the following:
 - checking invoices for accuracy;
 - providing a robust single point of contact for departmental users;
 - proactively responding to complaint and service improvement requests; and
 - ensuring contractor monthly reports are received in a timely manner.

42. Should the successful supplier under-perform; there is an escalation process within the framework terms including culminating in CCS assisting the council. The ultimate sanction would be to re-let the contract.

Staffing/procurement implications

43. An interim resource within CFM's contracts team is leading the procurement with representatives from the communications team, exchequer services and other major users of the print management service involved at various stages including drawing up the specification and evaluation.

Financial implications

44. The estimated value of £3.22m for a four-year contract has been calculated based on the eligible average annual spend over the past four years together with a 2% increase on that spend included to cater for known increased input costs.
45. Responsibility to ensure there is adequate budgetary provision for orders placed will continue to lie with the department / service placing the order, as is the case at present.
46. The services provided will be monitored corporately and assessed for opportunities to deliver future efficiency savings through the use of more cost-effective communication means.

Investment implications

47. There are no investment implications with the preferred option.

Legal implications

48. Please see concurrent from the Director of Law and Governance.

Consultation

49. The key internal stakeholders and, as their budgets will be affected, each Chief Officer has been consulted about the procurement strategy.

Other implications or issues

50. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

51. This report seeks approval from the Cabinet Member for Finance, Performance and Democracy for the procurement of print management services for a maximum of four years (three years plus an optional one-year extension) at an estimated cost of £3.22m by calling-off from Lot 2 of the Crown Commercial Services Print Management Services framework RM6170.
52. The justifications and options for this procurement are detailed in paragraphs 8 to 20, evaluation methodology is detailed in paragraphs 27 to 28, risks are detailed in paragraph 21, contract monitoring and management is detailed in paragraphs 37 to 42 and confirmation of payment of London Living Wage (LLW) is detailed in paragraph 32.

Director of Law and Governance

53. This report seeks the approval of the Cabinet Member for Finance, Performance and Democracy to the procurement strategy for the procurement of print management services for a period of three years with an option to extend by a further one year, at an estimated cost of £3.2 million via a call off from Lot 2 of the Crown Commercial Services (CCS) Print Management Services framework ref: RM6170, as outlined in this report.
54. The council's Contract Standing Orders 5.1.2 provides that any procurement involving the use of a third party's framework agreement is subject to usual Gateway 1 procedures. This GW1 report therefore seeks approval to the use of the CCS framework for Print Management Services, ref: RM6170.
55. Paragraphs 8 to 10 of this report sets out the business justification for this procurement.
56. Paragraph 18 of this report outlines the options for procurement route including procurement approach and the advantages and disadvantages of each option. The procurement strategy proposes the carrying out of a mini-competition between suppliers who are parties to the CCS framework, as set out in paragraph 19 of this report, and which should enable a best value solution to be agreed with a preferred provider.
57. Paragraph 24 confirms that provision will be made within the tender process to cater for the application of TUPE. The contract documentation will also contain appropriate TUPE clauses.
58. Paragraphs 27 to 28 of this report highlight the evaluation process to include a quality allocation of 40%, social value 10% with the pricing element allocated the remaining 50%.

Strategic Director of Finance and Governance (H&M 21/027)

59. This report seeks approval of the Cabinet Member for Finance, Performance and Democracy to the procurement strategy for print management services, which is to put in place a call off contract from Lot 2 of the crown commercial services framework RM6170 for an initial term of three years with the option to extend for one further year at an estimated cost for all four years of £3.2m.
60. The financial implications are addressed in the main body of the report and it is noted that budgetary provision remains the responsibility of client departments / services. However it is also noted that the contract will be monitored and assessed corporately for opportunities to deliver future efficiency savings which will be presented for approval by the council via the wider annual budget setting process.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
None		

APPENDICES

No	Title
Appendix 1	Types of Print Transactions

AUDIT TRAIL

Lead Officer	Paul Symington, Head of Corporate Facilities		
Report Author	Linda Campling, CFM Corporate Procurement Manager (Interim)		
Version	Final		
Dated	16 June 2021		
Key Decision?	Yes		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		Comments Sought	Comments included
Strategic Director of Finance and Governance		Yes	Yes
Head of Procurement		Yes	Yes
Director of Law and Governance		Yes	Yes
Cabinet Member		Yes	Yes
Date final report sent to Constitutional Team			16 June 2021