



REPORT TITLE: Managed Print Service

Cabinet Date	22 June 2022
Cabinet Member	Cllr Lynden Stowe, Deputy Leader and Cabinet Member for Finance and Change
Key Decision	Yes
Purpose of Report	To seek Cabinet approval to conduct a competitive procurement process for the award of a contract for a Managed Print Service for Gloucestershire County Council. The contract will be for to 5 years (with the option to extend for a further 2 years) with an estimated value of £3.85M
Recommendations	<p>That Cabinet delegates authority to the Assistant Director of Asset Management & Property Services, in consultation with the Cabinet Member for Finance and Change to:</p> <ol style="list-style-type: none">1. Conduct a mini-competition process under the Crown Commercial Services Multifunctional Devices (MFDs), Print and Digital Workflow Software Services and Managed Print Service Provision (RM6174) framework agreement in respect of a call-off contract for the supply of a Managed Print Service Contract. The proposed call-off contract, referred to as the “Managed Print Service Contract”, shall continue for an initial period of 5 years and include an option to extend its term for two further periods of not more than 12 months in length.2. Award such contract to the preferred tenderer; and3. Determine whether to exercise the options to:<ol style="list-style-type: none">a) extend the term of such Managed Print Service Contract for a further period of 12 months on the expiry of the initial 5-year term; andb) extend the term of such Managed Print Service Contract again for a further period of 12 months and on the sixth anniversary of the contract.
Reasons for Recommendations	<p>The existing Managed Print Service Contract has served the Council well for 7 years. It has proved to be a successful strategy. Refreshing our requirements and going out to tender will ensure we continue to get the benefits of integrated services at the best market rates.</p> <p>There are council-wide efficiencies to be made through delivering a Managed Print Service that reflects new modern ways of working digitally and supporting new agile working arrangements</p>

Resource Implications	<p>The total value of the contract over 7 years is anticipated to be approximately £3.85m, based upon a review of expenditure as agreed with the project's based upon our current spend of £550k per annum on print-related activity. Exact costs would be confirmed through the tender process.</p> <p>It is anticipated with the current reduction in the use of the Managed Print Services like printing, there will be a significant reduction in the number of devices required overall. This will in itself generate significant savings, that we would expect to see approximately one third reduction in the overall cost. The costs of the contract will be funded in full from within existing budgets, as a continuation of the current recharging arrangements whereby services are charged quarterly based on actual usage.</p>
Background Documents	Cabinet Member Decision (22/06/2020): Managed Print Contract (Canon) – Direct Award
Statutory Authority	Section 1 of the Localism Act 2011
Divisional Councillor(s)	N/A
Officer	Name: Stephen Hetenyi Tel. no: 07503 922668 Email: Stephen.hetenyi@gloucestershire.gov.uk
Timeline	<ul style="list-style-type: none"> • Cabinet approval – June 2022 • Managed Print Service – commences between January 2023 and March 2023

Background

1. Due to the effect of Covid 19 and the adoption of agile working on the consumption of services provided under the current contract, a fundamental review of the service provision is required to ensure it is fit for purpose going forward. Having consulted service users and using historic volumetric data from the current contract will provide opportunities to drive further savings in the long-term and deliver cashable benefits. We will procure print services which meet the Council's future needs rather than simply replicating the past. The last 2 years has seen an enormous shift away from hard copy printing which on average has reduced by 71%. It is anticipated that print levels will steadily increase as Officers return to the workplace and have access to printing. Digital Services have remained constant or have increased significantly for example "Print to Post". The Managed Print Service will need to reflect these shifts in behaviour as "Agile" is adopted and have the flexibility to adapt to the changing demands of new ways of working.

2. There are currently 7 key strands to the Managed Print Service (MPS) as detailed below. With the exception of "A Print Room" they will all be carried through into the mini competition under the framework. The print room will close at the end of the current contract.

A. Print Room: GCC's ongoing need of a digital print room facility based at Shire Hall has diminished to the extent where it will not continue to be available at the end of the current contract. The requirements are currently met by Canon and this contract will end in January 2023. Much of the work of the Print room has declined dramatically over the duration of the contract, particularly in respect of usage by the Democratic Services Unit and the effects of the pandemic. The Print room facility will not be included in the mini competition under the framework

B. Multi-Function Printing Devices: To replace all current multi-function print devices (185) across up to 60 sites. The above requirements are currently met by Canon and this contract will end in January 2023. Whilst print volumes have reduced dramatically over the last 2 years costs have not reduced in line with this reduction due to lease and fixed costs associated with the contract having remained the same. The new MPS will ensure the fixed cost is aligned with the reduced printing volumes. Importantly the new contract will need to have the capability scale up if increased printing demands are required. We are looking for a significant reduction in the numbers of Multi-Function Printing devices across the estate.

C. Print Management: Canon provides a comprehensive offsite specialist printing service in response to individual requests by officers. This work is specialist by nature and cannot usually be completed in the onsite print room. Canon provides three quotes from other affiliated suppliers and fulfils our requirements at the agreed price.

D. Payslips & Portal: Deliver payslips to all individuals who are paid via the payroll service offered by GCC via the Business Service Centre (BSC). Besides LA schools, academies and GCC BSC provide payroll services to Gloucester City, Gloucestershire Constabulary, GFRS (as part of GCC) and five very small organisations. It is a legal requirement for a payslip to be produced and made accessible to each individual detailing the breakdown of their salary payment. It is

also a legal requirement to provide all individuals on the payroll at the end of each tax year with a P60 detailing payments and deductions. This service needs to be delivered either via a secure portal with individual access or with a paper copy payslip or P60 sent to the individual.

In the long term (from 01/01/2025) this service will be provided under the new SAP ERP (Enterprise Resource Planning) SaaS contract. In the short term (up to 31/12/2025) this service will be included in any tender as an optional service that a supplier may or may not be able to supply at an affordable rate. If the new MPS provider cannot provide this service or it is not cost effective to do so. Procurement options being explored for this eventuality with our existing provider to cover the period 01/03/2023 to 31/12/2024, after which it is anticipated that the ERP SaaS contract will be providing this service.

E. Print to Post: Provides a print to post document service direct from desktops. The above requirements are currently met by Canon through a third party "DocMail" and this contract will end in January 2023.

F. Transactional Printing: support of/to deliver a service that will enable us to record and report on all transactional printing that comes out of SAP on a monthly basis. We need to be able to recharge print outputs to other departments as appropriate. Transactional printing includes paper payslips, invoices, reminders, remittances, P45's, paper copy P60's and P11D's. It is a legal requirement for a pay related documents to be provided to all individuals in receipt of a salary payment and whilst we use a secure portal for electronic access, we still provide paper payslips to a significant number of individuals. The above requirements are currently met by Canon and this contract will end in January 2023.

G. Digital Mail Room: We are also looking to secure a digital mail room for incoming post. This will replace the mail scanning service offered by IMS throughout the pandemic to ensure incoming mail could reach home working recipients. Moving forward all incoming mail will be scanned and sent to recipient's network folder or inbox

Options

3. **Option 1: Do nothing.** Allow the Managed Print Service Contract to come to an end with the removal of all hardware and digital services completely by March 31st, 2023. This would mean that all the current leased hardware would be collected by Canon. Whilst this would remove the fixed and variable costs associated with these services. There would still be a requirement to offer these services and facilities, not only for the Council, but to all those customers purchasing our services. All digital services would cease all of which are still required and are a legal requirement for a number of our services.

This option is not recommended.

4. **Option 2: To procure the same set of services.** As identified in this paper the print room has become increasingly unprofitable. The current service has a very high fixed cost base

which could not flex down as much as the print volumes decreased. The current contracted service was procured prior to the pandemic and does not take into account technology advances, new services and the new agile ways of working within the Council. There is currently no provision to further extend the contract.

This option is not recommended.

5. **Option3: To procure a reduced set of services.** To include B to G of the Background options detailed above. This will be set out in more detail within the Procurement Strategy. The Project Team have reviewed a number of Print frameworks. Following conversations with the Crown Commercial Service we have received confirmation that all the services currently provided are within the scope of the CCS Framework (RM6174). A flexible approach in how the Digital printing services will be provided, will be incorporated into the procurement

This option is recommended.

Risks

6. Being able to predict future needs and volume. Where possible we need to reduce the amount of the fixed cost so that the service can flex up and down.
7. The timescales for the procurement and subsequent implementation will be tight. The Council will seek to mitigate this by robust project planning and securing dedicated project resources.
8. Inadequate resourcing of skills and/or loss of key personnel during the project's lifecycle. The Council will seek to mitigate this by backfilling where appropriate
9. Challenge(s) to Awards –
There is a risk in respect of any contract award that such award may be subject to legal challenge under the Public Contract Regulations 2015 ("PCRs").
The council shall seek to mitigate such risk in respect of the proposed Managed Print Service Contract by:
 - a) first seeking expressions of interest from framework suppliers in order to establish whether such suppliers would be interested in the opportunity to bid for the Council's proposed Managed Print Service, thereby enabling the council to determine an appropriate format for the council's proposed mini-competition process
 - b) conducting a mini-competition process in accordance with the rules of the framework (that is, rather than make a direct contract award without competition)
 - c) issuing a voluntary standstill letter to all suppliers on the framework before awarding such contract.
10. Responses to ITT exceeds budget – A reduction in the direct printing requirements and associated costs of the council supports the confidence that costs can be managed within existing resources.

Financial implications

11. The report recommends the procurement of the proposed Managed Print Service Contract as a service solution. The costs of the contract will be funded in full from within existing budgets, as a continuation of the current recharging arrangements whereby services are charged quarterly based on actual usage. Historic contract costs, at their peak, were close to £600k per annum. The experience during the pandemic demonstrated a significant reduction in printing costs and it is likely that some of these will be on-going. As the transition to an agile working model takes place, costs incurred will be closely monitored in order to quantify the value of these savings.

Climate change implications

12. The Managed Print Service (MPS) supports the council in delivering its carbon reduction ambitions including reducing the current number of devices as well as supporting the council approach to agile and remote working. Potential providers will be asked to demonstrate their commitment to environmental performance and the Total Energy Consumption (TEC) credentials for the new proposed devices. Twenty-nine end of life devices from the existing contract were replaced with 29 new devices which have a far better toner yield and are more energy efficient (50% improved toner yield, 30% increased energy efficiency compared to previous). For the new contract, we anticipate the new devices will be more efficient, consume less toner and require less maintenance. We will reduce numbers further as work from home is more prevalent, volumes have reduced and there will be a greater requirement for scanning. In line with our agile and flexible working arrangements, we have proposed a move to a hub printing solution which will reduce the printers by a third. This proposal includes removing the print room but still making adequate provision for officers to function effectively.

Equality implications

13. An Equalities Impact Assessment (EIA) has been completed. This identified that, in time, this Strategy is anticipated to continue to have a positive impact on people with protected characteristics.
14. Cabinet Members should read and consider the Equalities Impact Assessment in order to satisfy themselves as decision makers that due regard has been given.

Data Protection Impact Assessment (DPIA) implications

15. All current arrangements and mitigations implemented will be transitioned to the new cloud hosted solution where applicable. The Data Protection Impact Assessment will be drafted; however, the full scope of the implications will not be understood until the chosen supplier is confirmed and their approach is understood.

Social value implications

16. Any contract awarded under the Managed Print Service, will contain a requirement for the provider to demonstrate social value in line with Gloucestershire's procurement policies and processes

Consultation feedback

17. Through informal discussions, key stakeholders (Business Services Centre, Registration, Information Management Service), strongly agree with the scope of services remaining unchanged initially with the exception of the onsite print room facility no longer being required. The inclusion of a digital incoming mail facility (subject to cost) and enhanced scanning capabilities were areas of interest, making the most of the new document management system, and seamless integration with Office 365 & Teams. Many services have moved away from hard copy printing. Even though the ability for individuals to print remains a priority, the new contract will need to reflect significantly reduced volumes and have the ability to scale up if required.

Officer recommendations

18. Option 3: To procure a reduced set of services

Performance management/follow-up

19. The project will follow the GCC recommended project management methodology, with governance provided by a project board, chaired by the project sponsor/s, who will meet on a monthly basis. The dedicated project team will be derived primarily from current staff fulfilling the roles of subject matter experts, with back-filling for their substantive roles as appropriate. Weekly highlight reports will be produced by the project manager and business analysis and business change management will also be required. The project will report into the Digital Transformation Programme Board.

20. The supplier will be managed through an on-going contract management process whereby regular review meetings will be held with key stakeholders across the organisation to ensure the supplier and buyer deliver on their respective responsibilities under the terms of the agreement.

21. Key Performance Indicators will be clearly defined within the call-off contract which the parties will agree, shall be used to measure the performance of the services by the supplier.

22. The supplier shall monitor its performance against each Key Performance Indicator and shall send the council a report detailing the level of service actually achieved in accordance with the agreement and the review meetings as agreed at the time-of-service commencement.

23. The contract will be managed by a combination of Facilities Management and Asset Management & Property Services. Each will undertake business as usual roles to ensure supplier performance is being regularly monitored and managed appropriately through the duration of the contract.