

Committee: Chief Officer Key decision

Date: 23 March 2020

Wards:

Subject: Award of a contract for Print Managed Services.

Lead officer: Mark Humphries - Assistant Director, Infrastructure & Technology

Lead member: Councillor Mark Allison

Contact officer: Richard Warren – Head of IT Service Delivery

Recommendations:

- That the Chief Executive awards a contract for the supply and maintenance of new Multifunctional Devices (MFD's) and high volume print room equipment to the successful tenderer 'Supplier A' for an initial contract period of 3 years commencing 1st June 2020, with an option to extend for a further period of 3 years at the discretion of the Council. If the contract extension is executed the total contract price as detailed in Appendix A
- That the Chief Executive delegates the authority to the Director of Corporate Services to approve the contract extension if executed.

Exempt or Confidential Report

The following paragraph of Part 4b, Section 10 of the constitution applies in respect of information within this report and it has therefore been placed in an appendix.

Information relating to the financial or business affairs of any particular person (including the Authority holding that information).

Members and officers are advised not to disclose the contents of the appendices.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The current Print Managed Service contract is due to expire on the 31st May 2020. In accordance with the Council's procurement policy and procedures a competitive tendering exercise has been carried out by way of a mini competition under the Framework Agreement and this has resulted in Supplier A winning the competition.

- 1.2 This report seeks approval to award a three plus three-year contract to Supplier A for the provision of a Managed Print Services Contract, which will include the replacement of the existing Photocopier/Printer Multifunctional devices (MFD's) which are located in approximately 40 of the Council's operational premises within the London Borough of Merton. In addition, the contract will integrate the use of the Councils high volume print room equipment and provide a fully managed print service for the Authority.

2. DETAILS

- 2.1 The present Print Managed Contract expires at the end of May 2020, that contract provides Multifunctional devices (MFD's) and high volume print room equipment, and software accounting systems which facilitate a pull-print solution that allows printing and photocopies to be retrieved and recharged via use of the Councils standard ID/Access cards.
- 2.2 In accordance with Council's Standing Orders and LBM procurement procedures a competitive tendering exercise has been carried out between the framework suppliers on the OJEU compliant NHS London Procurement Partnership Framework Agreement, Reference Number: 2016/S061-104740.
- 2.3 The procurement was carried out in liaison with the Council's commercial services team using the London Tenders Portal, and the further competition documents were issued in December 2019 on the portal to the 8 number potential suppliers who are appointed to the NHS/LPP Print Managed Service framework agreement.
- 2.4 The suppliers invited to tender were provided with a specification of LB Merton's requirements and information including volume printing data and reports covering the last 2 years usage across the Council's entire fleet of devices and information relating to current devices to assist them to design their solution. Pre-tender all framework suppliers were offered a site visit at Merton Civic Centre for the purposes of obtaining site information and knowledge of the Council's requirements for this tender, and were shown a typical floor for layout purposes, and a visit to view the print room equipment requirements.
- 2.5 The Invitation to Tender (ITT) documentation clearly detailed the tender evaluation and contract award criteria, based on the Most Economically Advantageous Tender (MEAT) return. The criteria for this evaluation were set as being 50% quality and 50% price transparently subdivided into 20% Cost per Sheet, 20% lease charges and 10% maintenance and support.
- 2.6 The returned bids (2 number) were examined for accuracy and clarification sought from both bidders. The bids were then evaluated by the tender evaluation team comprising of four officers of the Council against a number of pre-determined and published award criteria. A detailed review of the scores

was undertaken at a moderation meeting chaired by a member of the Commercial Services team to ensure the integrity of the scoring process. The procurement exercise and the evaluation stage has now been concluded.

2.7 The moderated scores are as detailed below:

Bidder	Pass/Fail	Quality Score	Quality weighting	Price (Lowest)	Final weighted score	Rank
Supplier A	Pass	52	47%	42.50%	89.50%	1
Supplier B	Pass	37	32%	46.74%	78%	2

2.8 Based on the combined scores, the bid from Supplier A with a combined total from the pricing and qualitative criteria of 89.50% out of 100% achieved the highest overall score and is ranked first, winning the procurement exercise ahead of supplier B, who achieved a score of 78%

3. ALTERNATIVE OPTIONS

3.1 The present contract is due to expire at the end of May 2020. As the devices are leased and therefore not owned by the Authority we needed to retender. The majority of devices have been in service for six years and are now starting to cause repeated issues and taking longer to repair.

Option	Advantages	Disadvantages
1. Do nothing		The contract will expire on 31.05.20 there are no other permitted extensions available, if LBM do not conduct a re-procurement exercise we will be out of contract and the leased equipment will be recovered by the supplier.
2. Re-procure using an open tender	Continue print requirements within LBM operational sites.	Possible increase in costs due to lengthened timeframe for procurement, as time will be needed for OJEU prescribed timescales and assessment process to ensure companies invited are able to provide the Council with the complete service requirement.
3. Undertake a further competition using agreed LPP Framework Agreement.	Shortens procurement timeframe. The LPP Framework Agreement was procured in accordance with the Public Contract Regulations 2015. This means that service providers have been pre-assessed for technical suitability to perform the services required.	Limits the number of companies included within the re-procurement and would preclude the opportunity for local companies who are not on the Framework to apply.
4. Bring the service In-House		At this time costs have not been explored and due to the complexities of this process, it is not feasible at this point in time, however that would not preclude the necessity to obtain replacement MFD's.
5. Let the contract terminate and not re-let		The inability to print, copy or scan documents would not be an option for the Council at this time.

4. CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1 Prior to commencement of the retender process a user group was formed and high usage teams were invited to participate with the aim to ensure all LBM requirements were included within the contract specification, a number

of colleagues from Commercial Services, Corporate Services including SLLP, Community and Housing, Environment and Regeneration were consulted through the user group.

- 4.2 There will be a communication plan and rollout for staff once the new machines are deployed

5. TIMETABLE

- 5.1 The following is the outline timetable for the management of the Contract Award:-

Date	Activity
By 10 th February 2020	OPG (by virtual approval)
17 February 2020	Procurement board (virtual approval)
23 March 2020	Chief Officer Decision
30 March 2020	Notification of the Councils intention to award
30 March 2020 to 09 April 2020	10-day standstill
10 April 2020	Contract Award
1 June 2020	Expected Contract commencement date

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1 Revenue implications

- 6.2 The new contract price for A4 mono prints will be a reduction of 0.006p per page over the current contract rates, and the cost of A4 colour prints will be a reduction of 2.5p over the current contract rates. The cost of A3 under the new contract will reduce by 50%, as previously the cost for A3 was calculated by doubling the A4 cost but now the cost on the new contract for A3 prints has been fixed at the same cost of an A4 printed page.
- 6.3 Overall the device lease costs have reduced by 40%, this is due to a more competitive price achieved for the MFD's, a reduction in the number of devices and the procurement of alternative software print integration solution which has lower support costs.
- 6.4 The service recharge costs will be calculated based on the current volumes so that the annual income target set against IT Service Delivery can be achieved. In the first year it will be pro rata to achieve the difference as it spans different financial years and will be adjusted on a yearly basis as required.

- 6.5 The cost of the bids is detailed in appendix A
- 6.6 Following contract award there will be an analysis process of ensuring that the most appropriate devices are deployed based on service need before final commissioning. It is envisaged that this will result in a reduction of devices in the region of 20% across the contract.
- 6.7 There will be a showcase demonstration provided by the supplier for officers to attend to view the new devices and provide an opportunity to ask any questions, this will help with familiarisation of the equipment and software for when the contract goes live across the Authority.
- 6.8 The supplier will provide general and specific training sessions and training material which will be made available for all staff to assist with the use of the new devices and software.
- 6.9 The supplier's performance and support will be regularly monitored and managed through agreed KPI's and Service Agreement, as specified within the contract.
- 6.10 The costs of the lease, maintenance and click charges will be met from existing revenue budgets.

6.11 Capital Accounting implications

- 6.12 Please note the capital implications are for accounting purposes and do not provide budget for the costs of the contract.
- 6.13 In anticipation that this contract was to be awarded, the Business Plan 2020-24 included provision of £600,000 in 2020-21 for the accounting costs to be recovered over 5 years. This sum will now be replaced with the actual accounting figure and the amortised (written down) cost over 6 years.
- 6.14 The annual lease cost for the equipment with Supplier A is as detailed in Appendix A. Under the new lease accounting requirements, officers have prudently assumed the contract will be extended for 6 years with supplier A (as has happened with the current contract). Assuming this extension, the total of these lease payments is discounted at Authorities average borrowing rate of 5.57% over the approved capital programme and a lease liability will be recognised on the Balance Sheet as a "right of use asset". This asset will then be written down over the 6-year period in the Authority's accounts.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1 In order to call off a Framework Agreement, if not procured by Merton, it is necessary to establish that it is entitled to do so. This is by way of reference to

the Council (by name or within an expressed category) in the OJEU Notice and the Framework Agreement. That is the case.

7.2 The duration (3+3) has to be permitted by the Framework Agreement. That is the case.

7.3 The Council must ensure that the mini competition complied with the requirements of the FA and on the award of contract it is notified as required by Regulation 84 of the Public Contract Regulations 2015 (Reporting and documentation requirements.)

7.4 Commercial Services will ensure that the point above is adhered to.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1 None for the purposes of this report.

9 CRIME AND DISORDER IMPLICATIONS

9.1 None for the purposes of this report.

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1 None for the purpose of this report.

11. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

APPENDIX A – Provides a breakdown of the supplier's bid price.

Note: Supplier details need to be redacted from the committee report in order to ensure the contract award decision is protected from the public arena, as some of the information contained within this report is deemed commercially confidential and therefore exempt from publication.

APPENDIX A (COMMERCIALLY SENSITIVE INFORMATION)

Exempt or confidential report

The following paragraph applies in respect of information within this appendix and it is therefore exempt from publication:

Information relating to the financial or business affairs of any particular person (including the Authority holding that information).

Members and officers are advised not to disclose the contents of the appendix.

Recommendation

A That the Chief Executive awards a contract for the supply and maintenance of new Multifunctional Devices (MFD's) and high volume print room equipment to the successful tenderer Alto Digital Networks Ltd for an initial contract period of 3 years commencing 1st June 2020, with an option to extend for a further period of 3 years at the discretion of the Council. If the contract extension is executed the total contract price is £1,113,810.72.

B That the Chief Executive delegates the authority to Director of Corporate Services to approve the contract extension if executed.

Supplier	Supplier A (Alto Digital)	Supplier B (Ricoh)
Leased Costs	£90,445.77	£108,077.56
Maintenance	£33,688.1	£9,642
Click Charge	£106,148.64 ¹	£100,976.73 ¹
Total Annual cost	£230,285.52	£218,696.29
Total 3 years cost	£690,856.52	£656,088.87
Total Contract cost (6 years)	£1,110,375.74	£1,075,236.05 ²

¹ This based on the current volumes

² Reduced lease cost on devices after year 3, Ricoh has a £35,175 charge for TUPE in the leased costs.

New Cost per page cost

The new contract price for A4 mono prints will be 0.022p a reduction of 0.006p per page over the current contract rates, and the cost of A4 colour prints will be 2.2p a reduction of 2.5p over the current contract rates. The cost of A3 under the new

contract will reduce by 50%, as previously the cost for A3 was calculated by doubling the A4 cost but now the cost on the new contract for A3 prints has been fixed at the same cost of an A4 printed page

Maximum Score 56		Alto Digital Networks Ltd			Ricoh UK Ltd		
Number	Weighting (50%)	Score (0-4)	Weighted Score	Comments	Score (0-4)	Weighted Score	Comments
1 Methodology and Proposed Solution Requirement		4	10.00%	20% reduction of devices which we will look at post award. Plan provided where they will rationalise the printers	2	5.00%	20% reduction of devices. No floor plan for where devices will be located. This has been requested but not supplied. Proposal to change from Kofax for scanning is a concern. We requested whether they would cover the integration costs, this was not answered No indication that there will be A3 printing available on every floor
2 Requirement Print Room Equipment	5%	3	3.75%	Keeping the 2 existing Canon printers was an initial concern but will be mitigated by the SLA and quarterly review.	3	3.75%	With rules-based printing users outside of the civic being excluded from automatic redirection there is no clear answer.
3 Integration with Print Room (Rules Based Printing)	4%	4	4.00%	no moderation comments	3	3.00%	No print to post solution provided, when we clarified they stated it had not been asked for. It is stated in our requirements.
4 Integration with Print Room (Rules Based Printing)	4%	4	4.00%	no moderation comments	3	3.00%	Showing the cost per job was shown but the user could bypass the rule and print it anyway
5 Integration with Print Room (Rules Based Printing)	2%	4	2.00%	no moderation comments	2	1.00%	Duplicated document print is based on the name and it could mean that common document names i.e. doc1 or court bundles are not printed. It might be random who print is auto deleted. No mention of how restricting colour would be applied
6 Requirement Toners and Consumables	4%	4	4.00%	no moderation comments	3	3.00%	This requires Merton to action. They will provide a box but who collects the boxes is not clear, do we need to log calls

							for each box to be collected or will they send an engineer to collate and then organise the collection.
7 SLA Reporting/Management Information	2%	4	2.00%	Fully answered or what reports are provided.	3	1.50%	The request was for a report, they provided examples of what might go into the report but confirmation that it will be supplied.
8 Requirement Disaster Recovery and Business Continuity	1%	3	0.75%	Initial concerns over the reduction of machines in Gifford House, but during moderation the use of Civic Print Room will provide an overflow.	2	0.50%	No explanation of how they will keep us working in a disaster. They provide their own business continuity plan which was sufficient.
9 Requirement Recharging	3%	3	2.25%	Confirmed they will use the recharge document.	2	1.50%	Not clear that the format in the tender documents will be used to provide our service recharge file.
10 Requirement Support, Service and Maintenance	6%	4	6.00%	Engineer on site provides reassurance of meeting the criteria for service SLA.	2	3.00%	In the tender we requested 7 to 7, no confirmation that they would abide to this.
11 Requirement Climate Emergency	3%	4	3.00%	They have covered all the areas it would be good if there was an option for no print at all	4	3.00%	They send the toners to France which does seem that great for climate change
12 Requirement Training and communications	1%	4	1.00%	Confirmed showcase and offer to train users	4	1.00%	One part says 3 days other says free of charge – little confusing

13 Requirement Implementation Plan	3%	3	2.25%	No moderation comments	2	1.50%	Times look ambitious, want to do implantation during the day. Under clarification with regards the rollout during the day especially on citrix and installing new drivers this will be a big bang approach. No communication plan provided
14 Entry and Exit Statement	2%	4	2.00%	no moderation comments	2	1.00%	No exit plan provided
	50%	52	47%		37	32%	