

# Finance and Resources Committee

10.00am Thursday 9 June 2016

## Contract Award for the Supply of Stationery from 1 August 2016 until 31 May 2020

Item number	7.9
Report number	
Executive/routine	Executive
Wards	All

### Executive summary

---

This report seeks approval to award a contract to Lyreco for the supply of stationery to the Council from 1 August 2016 to 31 May 2020. This is the proposed adoption of the single-supplier Scottish Procurement framework (Ref. SP-14-009) until 31 May 2020.

The estimated future expenditure is approximately £530k per annum with a 46-month contract value of £2.03m. The contract offers estimated savings of £100k-£150k per annum (£383k-£575k over the 46 month period of the contract).

### Links

---

Coalition pledges	<a href="#">P30</a>
Council outcomes	<a href="#">CP8</a>
Single Outcome Agreement	

## Adoption of a Scottish Procurement Framework for the Supply of Stationery

### Recommendations

---

- 1.1 That Committee approves the award of a contract to Lyreco for the Supply of Stationery from 1 August 2016 until 31 May 2020.

### Background

---

- 2.1 The Scottish Procurement single-supplier framework for the Supply of Stationery has been renewed from 1 June 2016 until 31 May 2020. The new framework supplier is Lyreco.
- 2.2 The Council currently spends around £630k per annum on stationery; with paper accounting for 43% of this spend, across approximately 4,000 product lines. Under the new contract, savings of approximately £100k-£150k per annum are expected, being a new annual spend of around £480k-£530k.

### Main report

---

- 3.1 Scottish Procurement established a User Intelligence Group (UIG), consisting of representatives from 22 partner bodies representing the Scottish Public Sector to agree the procurement strategy. Following extensive deliberations and consideration of options, the UIG agreed that there should be a single supplier to provide the full scope of the framework.
- 3.2 To encourage maximum competition, the UIG agreed that an open tender process should be followed to establish the framework.
- 3.3 This framework was advertised on the Official Journal of the European Union (OJEU) and the Public Contracts Scotland (PCS) portal on 11 September 2015. Expressions of interest were received from 28 organisations. The closing date for tender submissions was 12 November 2015 and 5 tenders were received.
- 3.4 At the first stage, tender responses were assessed against financial capability, technical/professional capability and business probity requirements. Bidders were required to pass this stage to be eligible for award.

At the second stage of the process the offers were evaluated against the following criteria and weightings, set by Scottish Procurement:

Technical/ Quality	40%
Commercial/Price	60%

- 3.5 Within the technical section, bidders were required to provide details on Service Delivery, Account Management, Implementation and Mobilisation Plan, Sustainability and Corporate Social Responsibility, Workforce Matters and Community Benefits.
- 3.6 The Evaluation Panel comprised of representatives from Scottish Procurement, Dundee City Council, NHS Greater Glasgow and Clyde; Scottish Parliament and APUC Ltd.
- 3.7 Three of the five bidders were deemed to be technically non-compliant and their bids were not further evaluated.
- 3.8 Bidders were required to price 4,000 line items, which were the top purchases across the Scottish Public Sector.
- 3.9 There were 2 bidders who were fully evaluated and their scores were:

	Technical	Commercial	Total
Lyreco UK Ltd	36.58	60.00	<u>96.58</u>
Bidder 2	35.69	52.51	88.20

- 3.10 Commercial and Procurement Services has conducted a full benchmarking exercise of the products that have been purchased in 2015/16 against Lyreco's prices under this new framework and also against prices available via the Crown Commercial Services framework and the Scottish Procurement framework offers the best value.

## Measures of success

---

- 4.1 As well as offering very attractive pricing, the new framework supplier offers enhanced functionality including a management information portal. There is also an option to mark items as "favourites" and we could choose, for example, to mark particular items such as recycled paper as a "favourite" which will appear at the top of a requisitioner's search for paper.

## Financial impact

---

- 5.1 The total estimated contract value is £2.03m over 46 months. This contract offers significant savings of £100,000-£150,000 (15.8%-23.8% of previous annual spend) per annum. This is mostly due to the attractive paper pricing in the new contract, which currently accounts for 43% of the Council's stationery purchases.
- 5.2 It is also worth noting that Lyreco are pricing their 100% recycled paper and FSC accredited paper at the same price as their budget paper, thereby offering the Council the opportunity to introduce a policy of using FSC accredited and/or 100% recycled paper at no additional cost.
- 5.3 Lyreco is providing 4,000 competitively priced items and has confirmed that should we require an item that is not on the list of 4,000 items that it will, with the prior approval of Commercial and Procurement Services, source this for the Council.
- 5.4 The costs associated with procuring this contract are estimated at up to £10,000.

## Risk, policy, compliance and governance impact

---

- 6.1 This contract will allow the Council to adopt a 100% recycled paper policy, at no additional cost, should this be decided.
- 6.2 There is a risk that the Lyreco paper may not be compatible with the Xerox Multi-Function Devices and/or the high volume devices in some schools. Lyreco has assured us that the paper has been fully tested but the Council will conduct its own paper trials to confirm that this is the case.
- 6.3 The Scottish Procurement procurement strategy includes a robust and comprehensive assessment of all associated risk factors with mitigating actions.
- 6.4 In terms of contract performance management, Scottish Procurement will meet with the supplier on a quarterly basis to review a set of key performance indicators.
- 6.5 Any contractual issues arising at operational level will be addressed and escalated where necessary through Commercial and Procurement Services, since this is a cross-directorate contract.

## Equalities impact

---

- 7.1 The procurement process excludes any bidders where a complaint had been upheld after investigation by the Equality and Human Rights commission or its predecessors and a failure to take remedial action.
- 7.2 The equalities assessment has identified no impact on the Councils specific public sector equality duties.

## Sustainability impact

---

- 8.1 This framework included scored elements related to sustainability.
- 8.2 As stated above, this contract will allow the Council to adopt a 100% recycled paper policy, at no additional cost, should this be decided.

## Consultation and engagement

---

- 9.1 Due to the nature of this contract being cross directorate there is minimal requirement for consultation and engagement.
- 9.2 The Print Unit has advised that it does not use standard paper from our stationery supplier so their supply is unaffected by this contract award.
- 9.3 Paper trials in the Xerox Multi-Function Devices and also in high volume devices in schools, will take place to ensure that the paper is compatible.

## Background reading/external references

---

### Alistair Gaw

Acting Executive Director of Communities and Families

Contact: Andy Gray, Head of Schools and Lifelong Learning

E-mail: [Andy.Gray@edinburgh.gov.uk](mailto:Andy.Gray@edinburgh.gov.uk) | Tel: 0131 529 2217

### Links

---

<b>Coalition pledges</b>	P30 – Continue to maintain a sound financial position including long-term financial planning
<b>Council Priorities</b>	CP8 – A vibrant and sustainable local economy
<b>Single Outcome Agreement</b>	
<b>Appendices</b>	Appendix 1 - Tendering Process summary.

## Appendix 1 - Summary of Tendering and Tender Evaluation Processes

Contract	Framework Contract for Supply of Stationery - let by Scottish Procurement
Adopted by CEC	1 August 2016 until 31 May 2020
Estimated contract value	£2,032,000 (over 46 months at an estimated £530k per annum)
Governing UK Regulation	Public Contracts (Scotland) Regulations 2012
EC Procedure chosen	Open
Standing Orders observed	2.4 EU Principles been applied 3.2 Director has responsibility for all Contracts tendered and let by their Directorate 5.1 (b) Tenders evaluated on basis of most economically advantageous criteria 8.1 Procurement process conducted electronically via Public Contracts Scotland Tender (PCST)
Tenders returned	5
Tenders fully compliant	2
No. of recommended suppliers	1
Primary criterion	Most Economically Advantageous offer
Secondary criteria	Price - 60%
	Quality - 40%
Evaluation Team	Scottish Procurement, Dundee City Council, APUC, NHS Greater Glasgow and Clyde
Procurement Costs	<£10,000