

# Finance and Resources Committee

10.00am, Thursday 3 December 2020

## Contract Award for Managed Print Services

Executive/Routine Wards Council Commitments	Executive All
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### 1. Recommendations

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- 1.1 That the Committee approves the award of two contracts for Managed Print Services each for a period of five years with the option to extend for two periods of up to 12 months, at the sole discretion of the Council, as follows:
  - 1.1.1 Lot 1b "Multifunctional Devices and Associated Services" to Apogee Corporation Limited with an estimated seven-year value of £5,658,185.
  - 1.1.2 Lot 2 "Print Services" to Apogee Corporation Limited with an estimated seven-year value of £398,764.

**Stephen S. Moir**

Executive Director of Resources

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# Finance and Resources Committee

## Contract Award - Managed Print Services

### 2. Executive Summary

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- 2.1 This report seeks the approval of the Committee to award two contracts for Managed Print Services as described below;
  - 2.1.1 Lot 1 "Multifunctional Devices and Associated Services" to Apogee Corporation Limited. This contract covers the replacement of potentially 1500 printers throughout the Council (including within Education) and the management of these including print toner, management software and software to support user management.
  - 2.1.2 Lot 2 "Print Services" to Apogee Corporation Limited. This contract covers the replacement of the high-volume printers used by Print Services based in Clocktower.
- 2.2 The contracts will each last for a period of 5 years with the option to extend for 2 periods of up to 12 months. The total value of the contracts over 7 years is estimated to be £6,056,949.

### 3. Background

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- 3.1 The City of Edinburgh Council has a requirement for printing through its offices and sites. Currently this is provided by a centralised contract across the Council's operational estate to ensure operational efficiency and compatibility within the ICT networks for corporate learning and teaching.
- 3.2 The current contract for these services was put in place on 27 February 2013 for five years with a possibility for up to two years extension. Following a Waiver submitted to the March 2020 Finance and Resources Committee, this contract has been extended to 27 February 2021, this period having been selected to enable a transition and handover, if necessary, between suppliers once the procurement for a new contract was concluded.
- 3.3 The current value of the print services contract is approximately £1million annually throughout the Council including schools (the education sector represents circa 75% of spend).

## 4. Main report

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- 4.1 An assessment took place in early 2019 around the most effective route to market. Given the size and value of the contract the practical options available were either for the Council to carry out its own tender process or to use a national framework. A number of national frameworks were available including a Crown Commercial Services framework and a framework put in place by the Scottish Government. The available suppliers remained broadly consistent throughout the two different frameworks however the Scottish Government Framework had specifically addressed capacity within Scotland. Given the suitability of this framework and the ability to carry out a mini competition an open tender process was not deemed necessary.
- 4.2 The Scottish Government Office Equipment Framework was put in place in July 2017. This framework tested the capacity of the supply chain to operate in Scotland including use of Scottish SMEs as sub-contractors. It also focused on sustainability benefits including energy usage, product lifecycle and end of life management. These benefits were expanded upon in the mini competition.
- 4.3 Meetings were held with all seven suppliers on the Scottish Government Framework to establish market capacity. This was followed up with further requests for information around print management software and capacity to operate during the Covid-19 pandemic. This informed the specification particularly around;
  - 4.3.1 Expectations for accommodating recycled paper;
  - 4.3.2 User behaviour monitoring and management through controlling volume printing and reducing colour output; and,
  - 4.3.3 Setting standards for servicing and reducing printer downtime.
- 4.4 Schools were consulted using the Council's consultation hub in late 2019, this highlighted concerns with device availability, downtime, staff involvement in mechanical fixes and limitations to colour printing. The specification was developed to address this by;
  - 4.4.1 Allowing the Council to request a replacement should a printer have persistent outages;
  - 4.4.2 Limiting staff involvement with fixes to specific activities taking no longer than 90 seconds; and,
  - 4.4.3 Improving access to Print Services for bulk activities.
- 4.5 In order to improve flexibility and ease of implementation the print system will operate on a cloud-based technology system. This will minimise the need to integrate with third parties throughout the contract.
- 4.6 In line with the framework requirements, all seven suppliers were invited to tender via a mini competition conducted via the Public Contracts Scotland web portal.
- 4.7 In order to encourage competition and obtain the best outcome the tender requirement was split into two lots, Lot 1 Multifunctional Devices encompassing the

low volume devices used across schools and offices in the Council and Print Services which would encompass several high-volume printers used by the Print Unit.

- 4.8 On 29 June 2020 the tender was published on Public Contracts and closed on 7 September 2020. The long tender period reflected the complexity of the requirement and the need to take into account limitations in operating by suppliers during the Covid-19 pandemic.
- 4.9 Lot 1 pricing sought two pricing options. The first option was a traditional “click charge” model where the Council does not pay any outlay but pays for each page printed. The second option allowed tenderers to offer a lease and click charge. Both pricing submissions were analysed and scored separately and combined with quality scores to identify the most economically advantageous tender. The purpose of this dual pricing model was to address the context of a global pandemic where print volumes were a tiny fraction of expected output. By allowing tenderers the option to propose lease and click charges they could have the opportunity to minimise the risk associated with capital investments however they would also be able to compete using the industry standard model of click charges.
- 4.10 Lot 2 pricing was on the basis on a lease and click charge which reflected the operational business requirements of the Print Unit to recharge to internal customers. The contract allows flexibility to adjust the fleet of devices in response to demand.
- 4.11 A quality/cost ratio of 60%/40% was applied to ensure that quality was of a high standard whilst also ensuring value for money.
- 4.12 The outcome of the tender process for Lot 1 Multifunctional Devices and Associated Services is below;

<b>Tenderer Name</b>	<b>Cost Score</b>	<b>Quality Score</b>	<b>Total Score</b>
Apogee Corporation Limited Lot 1a – Click Charge Model	40.00	52.50	92.50
Apogee Corporation Limited Lot 1b – Lease & Click Charge Model	40.00	52.50	92.50
Tenderer 3 Lot 1b	35.02	52.80	87.82
Tenderer 4 Lot 1a	34.91	52.80	87.71
Tenderer 5 Lot 1b	35.64	49.80	85.44
Tenderer 6 Lot 1a	35.31	49.80	85.11
Tenderer 7 Lot 1b	32.86	49.95	82.81
Tenderer 8 Lot 1a	16.60	49.95	66.55
Tenderer 9 Lot 1a	21.75	42.30	64.05
Tenderer 10 Lot 1b	21.31	42.30	63.61

\*Each tenderer submitted two pricing models for Lot 1 and will thus appear twice in the above table.

4.12.1 The same company, Apogee Corporation Limited had the highest score in both Pricing Models (Lot 1a and Lot 1b) and scored highly in quality. Both submissions therefore hold the position of joint highest ranked.

4.12.2 The Committee is recommended to award the Contract on the basis of Lot 1b Lease and Click. This is likely to produce significant savings if print volumes decrease and will also capture the benefits of reducing the printer fleet where this is feasible. The financial benefits to the Council are explored further in paragraph six.

4.13 The outcome of the Tender process for Lot 2 – Print Services is as below;

<b>Tenderer Name</b>	<b>Cost Score</b>	<b>Quality Score</b>	<b>Total Score</b>
Apogee Corporation Limited	40.00	52.05	92.05
Tenderer 2	32.66	52.20	84.86
Tenderer 3	31.20	51.75	82.95
Tenderer 4	31.35	48.75	80.10
Tenderer 5	14.81	42.45	57.26

4.14 Tenders were evaluated by Council officers from the Resources and Communities and Families Directorates.

## **5 Next Steps**

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5.1 Subject to approval, both contracts will begin in early January to allow time for an orderly transition of service. For Lot 1 this will entail a site survey and scoping of the requirement before rolling out new devices.

5.2 It is recognised that some aspects of these services may require adjustment due to the prevailing COVID-19 requirements in place at the time of contract commencement, however these will be covered by amendments to Key Performance Indicators in the first instance, and contract variations if required.

## 6 Financial impact

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- 6.1 The total contract value is estimated at £6,056,949 over the maximum contract period (i.e. including potential extensions) and directorates will be recharged for their user outputs. This figure includes the estimated value of the energy usage of the devices.
- 6.2 In 2019 expenditure on services delivered within Lot 1 was approximately £943,092.
- 6.2.1 Taking into account the historical 5% annual decline in volumes and the competitive prices achieved through the tender process the savings against 2019 costs are expected to be as below;

	<b>Expected Costs</b>	<b>Saving</b>
2019 Benchmark	£943,092	
Year 1	£758,903	£184,189
Year 2	£741,044	£202,048
Year 3	£724,078	£219,014
Year 4	£707,960	£235,132
Year 5	£692,648	£250,444
Year 6	£678,101	£264,991
Year 7	£664,282	£278,810
	<b>Total</b>	<b>£1,634,629</b>

- 6.2.2 This figure is expected to be a conservative estimate and the following factors will impact on realising further savings:
- 6.2.2.1 A site audit will take place with the view to reducing devices, this has the potential for significant reductions in annual lease costs, for example a 10% reduction of fleet could result in approximately £200,000 of cost reduction over the seven-year life of the contract;
- 6.2.2.2 Redirection of volume to the high capacity Print Unit will achieve lower print costs in addition to savings associated with streamlining staff time;
- 6.2.2.3 Volume has historically been reducing on an annual basis and has dropped off significantly since March 2020. Although volumes are likely to recover from current lows, it is expected that new ways of working within the Education sector will suppress demand. Within the Council's operational estate demand is anticipated to remain extremely low; and
- 6.2.2.4 Following on from 6.2.2.1 the Council has historically been pursuing initiatives around a paperless working strategy and in conjunction with a site audit to be carried out by the successful bidder it is highly likely that significant fleet rationalisation will take place. Again, this is likely to see significant cuts in device numbers within the operational estate which will further reduce demand.

- 6.3 In 2019 expenditure on services delivered within Lot 2 – Print Unit was approximately £61,548. Based on replicating this model the tendered price was £56,118.

	<b>Expected Costs</b>	<b>Saving</b>
2019 Benchmark	£61,548	
Year 1	£56,118	£5,430
Year 2	£56,118	£5,430
Year 3	£56,118	£5,430
Year 4	£56,118	£5,430
Year 5	£56,118	£5,430
Year 6	£56,118	£5,430
Year 7	£56,118	£5,430
	<b>Total</b>	<b>£38,007</b>

- 6.4 These savings figures are expected to be a conservative estimate as further efforts will be made to drive print volumes from local printers to the Print Unit for lower output costs and reduced human resource costs. For example, if 20% of 2019 volume could be delivered by the Print Unit rather than on local devices this would equate to a cost reduction of over £25,000 annually.
- 6.5 There will be a number of ICT requirements associated with the implementation of new devices and associated software. This cost is at present unknown and the Council and our strategic ICT partner, CGI, and the successful tenderer will develop a project plan for delivery upon award of the contract.
- 6.6 The costs associated with procuring the proposed contract are estimated to be between £20,000 and £30,000.

## **7 Stakeholder/Community Impact**

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- 7.1 The contracts recommended for award are compliant with the procurement regulations and the Council's Contract Standing Orders.
- 7.2 As successful tenderer for both Lots Apogee has committed to delivering the following Community Benefits;
- 7.2.1 School visits to provide insight into the Managed Services industry;
  - 7.2.2 School uniform sponsorship;
  - 7.2.3 Breakfast club sponsorship;
  - 7.2.4 Area tidy up campaigns;
  - 7.2.5 A "Most green" competition for schools within Edinburgh to compete on a monthly basis for a £1,000 donation based on good practice within their print behaviours; and
  - 7.2.6 Recruitment of an Apprentice Customer Liaison Officer including support for SCQF level 6.

- 7.3 Apogee have committed to paying the Real Living Wage, becoming an accredited Real Living Wage Employer and signing up the Scottish Government Business pledge.
- 7.4 Print outputs have a very high-profile sustainability impact associated with the low “usage” lifespan of a piece of paper and the significant consumption of materials and energy. To address this the contract sought as standard devices which will operate using recycled paper and be disposed of in a manner which minimised the impact.
- 7.5 Tenderers were required to provide details of the energy usage of all devices to be used within this contract. This included whilst printing, standby and sleep modes. The electricity usage of these devices against the expected outputs was calculated and added to the tendered fee as a whole life cost. All devices have an Energy Star rating and management software enabling automatic shutdown outside office hours rather than simply going into standby mode. Whilst device and print reduction are a preference, the choice of energy efficient devices will provide significant environmental and financial benefits for the Council throughout the life of the contracts. The inclusion of energy use and associated costs as part of the commercial evaluation will therefore provide tangible cost avoidance associated with electricity use and contribute towards efforts the Council’s net zero carbon target for the year 2030
- 7.6 There is already a plan to deliver a managed reduction in both the volume of printing and delivery vehicle usage aligned with the Council’s 2030 carbon net zero target and our Sustainability Programme. In addition, paper and other consumable items used in the processes will be procured using sustainable sources, aligned to the Council’s Sustainable Procurement Strategy, approved by the committee in March 2020.

## **8 Background reading/external references**

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- 8.1 [Waiver for Extension of Managed Print Service March 2020](#)
- 8.2 [Road map published for a net zero carbon Edinburgh by 2030](#)

## **9 Appendices**

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- 9.1 Appendix 1 – Details of recommended provider and tender evaluation

## Appendix 1

Contract	<b>Managed Print Services utilising the Scottish Government ICT Products Office Equipment Framework (SP-16-013)</b>																																											
Contract Period	Five years with the option to extend for two further periods of up twelve months each, undertaken at the sole discretion of the Council. (5 + 1 + 1)																																											
Estimated Contract Value (including extensions)	Lot 1 "Multifunctional Devices and Associated Services" £5,658,185. Lot 2 "Print Services" £398,764.																																											
Procurement Route Chosen	Mini Competition on <b>Scottish Government ICT Products Office Equipment Framework (SP-16-013)</b>																																											
Tenders Returned	Lot 1 – 5 Tenders Lot 2 – 5 Tenders																																											
Name of Recommended Provider	Lot 1 – Apogee Corporation Limited Lot 2 – Apogee Corporation Limited																																											
Price / Quality Split	<b>60% Quality</b>	<b>40% Cost</b>																																										
	<p>The emphasis on Quality was to reflect the need for a high level of service for end users.</p> <p>Quality was tested as below:</p> <p>Lot 1:</p> <table border="1" style="margin-left: 40px;"> <tr><td>Estate Survey</td><td style="text-align: right;">15%</td></tr> <tr><td>Integration and Roll Out</td><td style="text-align: right;">8%</td></tr> <tr><td>Devices</td><td style="text-align: right;">10%</td></tr> <tr><td>Service</td><td style="text-align: right;">25%</td></tr> <tr><td>Print Management Software</td><td style="text-align: right;">15%</td></tr> <tr><td>Colour &amp; Volume Reduction</td><td style="text-align: right;">10%</td></tr> <tr><td>Security</td><td style="text-align: right;">5%</td></tr> <tr><td>Exit Plan</td><td style="text-align: right;">2%</td></tr> <tr><td>Community Benefits</td><td style="text-align: right;">8%</td></tr> <tr><td>Fair Work Practices</td><td style="text-align: right;">2%</td></tr> <tr><td>Fair Work Management Information</td><td style="text-align: right;">Not Scored</td></tr> </table> <p>Lot 2:</p> <table border="1" style="margin-left: 40px;"> <tr><td>Devices</td><td style="text-align: right;">25%</td></tr> <tr><td>Supporting the Provider of Lot 1</td><td style="text-align: right;">10%</td></tr> <tr><td>Service</td><td style="text-align: right;">30%</td></tr> <tr><td>Integration and Roll Out</td><td style="text-align: right;">10%</td></tr> <tr><td>Security</td><td style="text-align: right;">10%</td></tr> <tr><td>Exit Plan</td><td style="text-align: right;">5%</td></tr> <tr><td>Community Benefits</td><td style="text-align: right;">8%</td></tr> <tr><td>Fair Work Practices</td><td style="text-align: right;">2%</td></tr> <tr><td>Fair Work Management Information</td><td style="text-align: right;">Not Scored</td></tr> <tr><td></td><td></td></tr> </table>		Estate Survey	15%	Integration and Roll Out	8%	Devices	10%	Service	25%	Print Management Software	15%	Colour & Volume Reduction	10%	Security	5%	Exit Plan	2%	Community Benefits	8%	Fair Work Practices	2%	Fair Work Management Information	Not Scored	Devices	25%	Supporting the Provider of Lot 1	10%	Service	30%	Integration and Roll Out	10%	Security	10%	Exit Plan	5%	Community Benefits	8%	Fair Work Practices	2%	Fair Work Management Information	Not Scored		
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Evaluation Team	Tenders were evaluated by Council Officers from Resources and Communities and Families																																											