

Committee(s): Digital Service Committee - For Decision Projects & Procurement Sub-Committee – For Decision	Dated: 17/01/2024 15/01/2024
Subject: Managed Print Services Procurement	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	9, 10, 12
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	Existing Local Risk Budgets
Has this Funding Source been agreed with the Chamberlain’s Department?	Yes
Report of: Chamberlain, Caroline Al-Beyerty	For Decision
Report author: Samantha Kay – DITS Mitchell Walker – Commercial Service	

Summary

All departments and institutions of the City of London Corporation have a requirement for office scanning, printing, and copying. These services are currently provided to all under a single Managed Print Services agreement with Konica Minolta Business Solutions (UK) Ltd, valid from 01 September 2019, expiring 31 August 2024, valued at £3.47M.

This report provides an update on activities undertaken to establish the requirements for these services from 01 September 2024, evaluates routes to market considering our usage analysis and market intelligence, and makes a recommendation on the most advantageous procurement strategy.

The report concludes that:

- a Managed Print Services delivery model remains most suited our strategic requirements.
- that the opportunity to supply for a seven years’ term advertised at £3.5M will incentivise bidders to offer their best commercial, technical, and responsible tender submissions, which we anticipate will provide seven years’ agreement at the same baseline costs as the current five years’ agreement; and
- that the Find a Tender Service Open Procedure ensures robust competition and an opportunity for the widest possible range of businesses to participate in a fair and transparent process.

Recommendations

Members of Digital Services Committee are asked to:

- Approve the Managed Print Services Delivery model.

Members of Projects and Procurement Sub-Committee are asked to:

- Approve the recommended Procurement Strategy to undertake a Find a Tender Service Open Procedure, compliant to the Public Contracts Regulations 2015, and the City of London Procurement Code, Rule 16, Contracts Letting.
- Approve the proposed seven years contract duration, comprising five years initial contract term, with the option to extend by up to a further two years, therefore, at a total contract value of £3.5M

Main Report

Background

1. In line with the Digital Services Strategic Roadmap and City Procurement Strategy, the City of London Corporation, City of London Police & all Institutional Departments (collectively referred to thereafter as the "City of London Corporation") are required to maintain a compliant contract for printing, scanning, photocopying and associated products and services.
2. The current agreement for Managed Print Services and provision of multifunction devices with Konica Minolta expires on 31st August 2024. The intention is for a new Managed Print Service to be procured and implemented by 1st September 2024. The agreement was previously procured via a framework, which has now expired, and no further extensions are available.
3. The current agreement covers products associated with Managed Print Services including, but not limited to, a fleet of print devices (Multi-Functional Devices "MFDs", Printers) on a lease agreement basis, consumables (i.e., Toner, Staples) supply, large volume print devices (MFDs), specialised software for print rooms, software and hardware support, cloud services and an onsite fleet manager to be used across the City of London Corporation.
4. The Contract Management of the existing agreement has been effective due to the reporting available from the vendor, enabling costs to be managed appropriately, and utilisation to be monitored and reviewed regularly.
5. The devices were provided on a "Per Click" basis, which means that the printing, support, maintenance, and capital costs are built into the cost of each page that is printed. This enables the costs to be charged back to the departments based on their usage, therefore costs can be managed simply by reducing printing. The extension of the existing contract included an audit, which ensured utilisation and printer positioning was suitable for the business requirement post COVID, which in turn led to a reduction in the fleet.

Current Position

6. There is a Project Management resource assigned to lead on requirements gathering and consultations with City's stakeholders as well as the preparation of the specification to ensure departmental needs are reflected.

7. A Soft Market Testing (SMT) exercise was carried out in October 2023. 11 SMT submissions were received allowing the City to evaluate market trends, review procurement options and gather of market intelligence.
8. The results of the SMT showed that there has not been much change in the available delivery models during the term of the current contract, however, the Project Team will look at emerging technologies and ensuring the contract is sufficiently flexible and remains evergreen.
9. In line with the Digital Services Strategic Roadmap, there is a requirement to approach the market to enable the City of London Corporation, City of London Police & all Institutional Departments to continue to procure these services and products in a compliant and cost-effective manner.

Route to Market and Procurement Options:

10. Commercial Services have worked alongside DITS to consider the market, via Soft Market Testing, which has informed the recommended route to market.

Open Procedure FTS (Find-a-Tender Service) Tender – Recommended Option

11. This is the recommended approach from Commercial Services. It would allow the entire market to bid and encourage diverse businesses to participate thus enabling the City to achieve best value for money. The process is fully compliant with the requirements of Public Contract Regulations (PCR) 2015 legislation.
12. Following an engagement with the market via an extensive Soft Market Testing (SMT) exercise, market operators have indicated they would be interested in bidding regardless of our preferred route to market. 11 SMT submissions were received. Based on this data, it is highly likely that several bids will be received ensuring this is a competitive process and therefore value for money is being achieved.
13. Furthermore, the market indicated that the maximum 5-year Call Off contract length offered by the framework is not necessarily the most cost effective. Allowing for a longer contract (7 years in total) on City's terms will not only allow us to take advantage of more competitive pricing, it will also allow the City to contract on City's Terms and ensure the desired level of flexibility is built into the future contract.
14. This option also allows more flexibility in terms of inclusion of City's Responsible Procurement Commitments.
15. The evaluation criteria will be split into price and quality with sub-weighting applied. The recommended split will be as follows: Price (40%), Quality (45%) and Responsible Procurement (15%).

Direct Award under a framework – Not Recommended

16. A direct award through a framework approach would be inadvisable as it would stifle competition and may prevent the City of London Corporation ensuring best

value for money. This route would not deliver the best value for money and would not align with City's Corporate, DITS and Procurement Strategies.

Further Competition under a framework – Not recommended:

17. This approach would restrict market operators that are not on the framework from bidding, meaning that best value for money may not be achieved and supplier diversity would be reduced.
18. Following a review of the available public sector frameworks, the call-off lengths aren't favourable in terms of maximum years (5). Replacing MFD equipment every 5 years would cause significant disruption and resource pressures for the City of London Corporation.
19. There are several suppliers on both Crown Commercial Services (CCS), (Multi-functional Devices (MFDs), Print and Digital Workflow Software Services and Managed Print Service Provision) and Crescent Purchasing Consortium (CPC), (Multifunctional Devices and Digital Transformation Solutions) frameworks, including the incumbent, which have been awarded under a thorough and competitive procurement exercise. All frameworks are fully Public Contract Regulations (PCR) 2015 compliant.
20. The maximum call-off contract length via the CCS framework is 5-years and this is neither sufficient regarding the duration nor does not allow testing the market fully.
21. Frameworks do not allow for as robust contractual flexibility as contracting on City's Terms does. This means that City' Responsible Procurement and Social Value goals might not be as well represented and achieved should a framework route to market be chosen as opposed to electing to procure via an Open Procedure.

Proposal

22. Commercial Services recommend running an Open FTS Tender. As stated above, this will provide the City with Commercial, Technical and Responsible Procurement benefits.
23. Members are asked to approve the recommended route to market of an Open FTS Tender to enable DITS and Commercial Services to ensure the Agreement is compliant and provides the best commercial value to the City of London Corporation in the required timeframe. The aim would be to take the Contract Award Report through the Committee cycle in March/April 2024.

Key Data

24. Based on current usage levels, the value of a future contract is estimated to be £3,500,000 over a 7-year period. The agreement is proposed for an initial period of 5 years with a 2-year extension option. Implementation costs will be identified during the tender process therefore potentially increasing the contract sum and requirements for additional funding. The procurement would include the City of London Corporation, City of London Police, and all Institutional Departments.

25. Consultations are taking place with stakeholders across the City of London Corporation, City of London Police, and Institutional Departments to ensure the specification reflects the needs of all parts of the organisation.

Corporate & Strategic Implications

Strategic implications – In order to maintain alignment with the DITS and Commercial Strategies the proposal will ensure compliance with all Procurement Regulations as well as benefit from aggregation and utilisation of economies of scale.

Financial implications – Following advice from Commercial Services, a full Open FTS procurement will ensure that the future contract provides the City Corporation with value for money.

Resource implications - Following advice from Commercial Services, running an Open FTS procurement will streamline the procurement process and ensure that the resource impact of the procurement exercise is minimised.

Legal implications – DITS will work closely with Commercial Services and colleagues in Comptroller and City Solicitors to ensure that the future agreement is legally compliant.

Risk implications – This procurement is considered to be low risk, as the required services are clearly defined and well established.

Equalities implications – None

Climate implications – Responsible Procurement will form part of the Tender Structure. Carbon metrics will be included to ensure the City has a robust reporting regime in place.

Security implications - None

Conclusion

26. DITS require a new contract to supply Managed Print Services, including multi-functional devices (540) across 34 different postal codes, belonging to the City of London, City of London Police, and Institutional Departments.

27. Commercial Services and DITS have reviewed the routes to market available to transact these products and services and recommend an Open FTS Tender as the preferable route to market due to several factors, including achieving best value for money and further flexibility of the terms and conditions due to them being produced and owned by the City of London Corporation.

Appendices

- none

Samantha Kay

Head of DITS Business Management

T: 07817 411176

E: samantha.kay@cityoflondon.gov.uk

Mitchell Walker

Procurement & Contracts Manager

T: 020 7332 4961

E: Michell.walker@cityoflondon.gov.uk