

CABINET MEMBER DELEGATED DECISION 10 OCTOBER 2019

Report title: Managed Print Service for Multifunctional Devices

Wards: All

Portfolio: Cabinet Member for Finance and Performance: Councillor Andrew Wilson

Report Authorised by: Bayo Dosunmu Strategic Director Business and Resident Services

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Report summary

This report recommends that the London Borough of Lambeth to offer a contract via a direct award for a managed print service for multifunctional devices (MFDs) to Canon (UK) Ltd for a period of 3 years from 1 October 2019 to 30 September 2022, with the option to extend for a further 12 months to September 2023, making an estimated contract total value of £1.2M

It is proposed to issue a direct award under the Crown Commercial Services RM38781 Multifunctional Devices, Managed Print and Content Services and Records and Information Managed Framework.

Finance summary

The proposed contract is expected to run for three years with an option to extend for a further one year. The contract is proposed to commence on the 1 October 2019 and to terminate on 30 September 2022. In the event that the Council wished to extend until September 2023 the estimated contract value would be £1,199,100. All costs are revenue and will initially be met by ICT and subsequently recharged to service budgets.

Recommendations

To award a contract via a direct award for a managed print service for multifunctional devices (MFDs) to Canon (UK) Ltd for a period of 3 years from 1 October 2019 to 30 September 2022, with the option to extend for a further 12 months to September 2023, making an estimated maximum contract total value of £1,200,000.

Reasons for Exemption from disclosure

The accompanying part II report is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act 1972:

3. Information relating to the financial or business affairs of a particular person (including the authority holding that information).

1. CONTEXT

- 1.1 Print and copying services have been provided by Canon (UK) Ltd for the period of 1 April 2015 to 30 September 2019.
- 1.2 There is an on-going requirements for MFDs and a managed print service across the organisation. With the successful completion of the YNTH project the use of MFDs has become more important in enabling the organisation to conduct its business operations effectively and to support front line services with devices which are reliable and fit for purpose.
- 1.3 Officers have conducted a benchmarking exercise based on the CCS RM3781 Framework. The outcome of this exercise revealed that offering a direct award to Canon (UK) Ltd offered Lambeth Council the best value for money and demonstratable best interest. Details of the benchmarking exercise are set out in the Part II report.

2. PROPOSAL AND REASONS

- 2.1 The proposal is to award a new contract to Canon (UK) Ltd for a period of 3 years with the option to extend for an additional 12 months starting on the 1 October 2019 and to expire on 30 September 2022 with the option to extend until 30 September 2023.
- 2.2 Pre-market engagement for this proposed contract with Canon (UK) Ltd, HP, Rico, Xerox, Vision (Office Automation) Ltd, and Apogee Corporation. All of the supplies except Apogee are named suppliers under the YPO/CCS RM3781 Framework. A formal tendering exercise was not undertaken because the cost of change to a different supplier would result in higher costs to Lambeth which would not be offset by any savings made in reduced costs for devices or the management of the print service from other suppliers. Suppliers were asked to indicate what transition costs would be during the pre-market engagement process. A benchmarking exercise was undertaken on the following criteria – leasing costs of hardware, details of this are set out in Part 2 of this report.
- 2.3 The route to market is via Lot 2 of the Crown Commercial Service RM3781 Framework which is compliant with EU procurement regulations and was published on 12 December 2015 – ref 2015/S 241-437556 in the Official Journal of the European Union (OJEU)
- 2.4 Direct award under Lot 2 of the CCS RM3781 Framework are allowed as stipulated under the Call-Off Agreement Part A of the Framework Schedule 6 (Award Criteria), and Part 1 to 7 of Schedule 5 Call-off Procedures. Part A of Schedule 6 states that the weighting that can be applied to the evaluation of the tender is 50/50 but can be varied +/- 20.
- 2.5 A proposal was invited from Canon (UK) Ltd via Lambeth's EU-Supply portal from the 1 July 2019 to 19 July 2019. The following documents were issued.
 - a. Method Statement
 - b. Supplier Response Template
 - c. Pricing Matrix

Canon (UK) Ltd submitted their response on 19 July 2019.

2.6 An evaluation panel of 5 members was assembled from the different areas and independently evaluated Canon's response, a series of consensus meetings were then held where the panel agreed the scores for each section. The response was split into the following sections and % weighting were applied. The sections, percentages, and scores are detailed in Table 1:

Table 1 – Evaluation of Canon (UK) Ltd

Evaluation Criteria	Criteria Weighting %	Sub-criteria	Sub-criteria Weighting %	Maximum Points	Evaluation Panel Score
Objectives of the Authority	20%	Print Strategy	30%	18	12.8
		Objectives (Incorporating Community Benefits)	70%	42	25.2
Managed Print Service	40%	Services and Cost Control	45%	54	35.2
		Efficiency and Sustainability	35%	42	27.6
		Risk Mitigation and Compliance	5%	6	4.8
		Optimisation of Print Devices and Services	10%	12	7.4
		Proactive Maintenance	5%	6	4.8
Transition and Service Delivery	40%	Service Transition and Implementation	40%	54	35.2
		Management Reporting and Information	30%	36	24.8
		Service Management	30%	30	19.6
				300	197.4

2.7 Consensus meeting have taken place and the evaluation panel recommends the appointment of Canon (UK) Ltd to provide a Managed Print Service for Multifunctional Devices. The response was evaluated on a scoring mechanism of 0 to 5 (0 no response – 5 excellent) and required Canon to score a minimum of 3 for all of the 150 questions in the response template, this would have resulted in a pass mark of 180. Canon successfully achieved that requirement.

3. FINANCE

3.1 The cost of this contract is likely to be in the region of £908.000 for the initial three years (1 October 2019 – 30 October 2022), however should the option to extend the contract a further 12 months be taken then the total value of the contract will be £1.2M. Costs shown in Table 2.

Table 2 – Contract Costs

	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (Extension) (£)	Total cost (£)
Managed Print Service	283,400	285,800	288,200	290,800	1,148,200
Implementation	50,900	-	-		50,900
Totals	334,300	285,800	288,200	290,800	1,199,100

3.2 All the costs for this contract are revenue and will initially be met by ICT and subsequently recharged in full to service budgets

3.3 Savings have been made against the current contract as we have reduced the number of devices from 156 to 126; this is due to completing the move to the Civic Centre and Town Hall, and the reduction of core sites. This reduction in devices and the competitive pricing under the RM3781 framework will achieve non-cashable savings of £58,000 per annum.

Have savings Been delivered against this contract	Yes
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If YES, are savings cashable ¹ or non-cashable ²	Non-Cashable
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IF CASHABLE SAVINGS¹

Savings/Budget book reference	
Savings Description	
Savings/Budget book value	

Previous Contract Value	£1,355,036
New Contract Value	£1,119,100

Contract Savings over 4 years	£155,936
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**Annual “CASHABLE” Savings
(Contract savings divided by the contract term)**

	Annual savings to be realised in (e.g. If a contract is let half way through the current year then half of the saving will be for year 1 and the balance in year 2).		
Annual Average Contract Reductions	Year 1 (current year)	Year 2	Year 3
N/A	N/A	N/A	N/A

3.4 Finance Comments – The new contract is expected to result in savings of £155,936 over four years. These savings will be shared amongst the various services within the Council. For 2019/20 the saving will be negligible as there are first year implementation costs of £50,900, which will straddle the current and next financial year. It should be noted that a small part of these overall reductions in costs amounting to £21,245 will be realised with the HRA leaving a GF share of £134,691

4. LEGAL AND DEMOCRACY

4.1 The Council has delegated the authority to enact this report’s recommendations to the Director or Strategic Director. Before exercising that authority, this paper should be presented to the Procurement Board.

4.2 Procuring via a direct award from a properly procured framework is compliant with the requirements of both the Council’s Contract Standing Orders and the Public Contract Regulations (2015) provided

that the Council is named, or part of an identifiable group cited, in the original contract notice published in respect of the framework.

- 4.3 The proposed key decision was entered in the Forward Plan on 17th June 2019 and the necessary 28 clear days' notice has been given. In addition the Council's Constitution requires the report to be published on the website for five clear days before the proposed decision is approved by the Cabinet Member. Any representations received during this period must be considered by the decision maker before the decision is taken. A further five clear days – the call-in period must elapse before the decision is enacted. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

5. CONSULTATION AND CO-PRODUCTION

- 5.1 In making decisions and co-producing services, engagement is key. This section enables the consultation that has been undertaken to be highlighted. Include a summary of the views received from external consultation.

Table 3 – Stakeholder Matrix

Stakeholders	Interest	Action
Procurement Officer	All stages from Pre-Business Case to Award of Contract.	<ol style="list-style-type: none"> 1. 2. Consulted on GW1, GW2, and GW3. 3. The contract is being offered under a CCS Framework, Corporate Procurement advised using Lambeth's EUSupply eProcurement portal to run the direct award exercise. 4. Consult on execution of contract.
Councillor Andrew Wilson	GW1 GW2 GW3	<ol style="list-style-type: none"> 1. Conducted pre-procurement engagement. 2. Consulted on each stage of the procurement (GW1, GW2 & GW3).
Project Sponsor	Successful delivery of contract arrangements and securing Cabinet Member Buy-in.	<ol style="list-style-type: none"> 1. Kept Strategic Director updated on procurement.
Registrars, Legal, Customer Centre, Executive Support, Business Support.	Specification	<ol style="list-style-type: none"> 1. Consulted on the key aspects of contract requirements. 2.
Management Team	Quality of contract	<ol style="list-style-type: none"> 1. Consulted on quality KPI's for the proposed contract..

6. RISK MANAGEMENT

- 6.1 The Project Team responsible for the delivery of the procurement and management of the subsequent contract have developed a risk register in Table 4 below. The main risks that impede on the successful delivery of this procurement and contract are:

Table 4 – Risk Register

Item	Risk	Likelihood	Impact	Score	Control Measures
1	Risk of loss of service due incumbent removing devices and service due to delays in sign-off of procurement reports.	3	8	24	Engage with key decision makers to ensure that sign-off is achieved quickly.
2	Challenge from another supplier regarding direct award to incumbent	2	1	2	Ensure that response is comprehensive and fully evaluated and meets the needs of the organisation.

Key

Likelihood	Very Likely	4	Likely	3	Unlikely	2	Very Unlikely	1
Impact	Major	8	Serious	4	Significant	2	Minor	1

7. EQUALITIES IMPACT ASSESSMENT

7.1 An Equalities Impact Analysis has been completed and signed-off by the Head of ICT Services on 12 March 2019. The analysis indicated that there is no equalities impact as part of this procurement.

8. COMMUNITY SAFETY

8.1 There are no direct consequences to community safety with regards to Section 17 of the Crime and Disorder Act 1998.

9. ORGANISATIONAL IMPLICATIONS

Responsible Procurement

9.1. This procurement exercise commenced in advance of the Responsible Procurement requirements being introduced. Officers have nevertheless been mindful of these requirements and sought to get assurances in as many areas as possible.

- **Good Quality Jobs With Fair Pay and Decent Working Conditions**

Canon (UK) Ltd takes its responsibilities towards its employees very serious and as such pays all employees at least the minimum wage. For their employees living in London they receive the London Living Wage as a minimum.

Canon (UK) Ltd complies with the Modern Slavery Act (2015), this included a Whistle Blowing Policy for permanent and temporary workers as well as contractors providing protection for employees making disclosures.

- **Quality Apprenticeships, Targeted Employment for Lambeth Residents and Lambeth Priority Group**

As this procurement was run before the introduction of the responsible procurement policy, Canon do not offer targeted employment for Lambeth residents and Lambeth Priority Group as they are not a London based company.

Canon (UK) Ltd does operate an apprentice scheme but being part of a European company the scheme is not targeted at specific accounts.

Canon's on-site operative was specifically recruited three years ago for the post for the Lambeth contract. During this time Canon have provided training and support which has enabled the on-site operative to become a Canon Service Engineer which means that they are able to repair devices instead of having to request and engineer to call. This has resulted in an improved first-time fix and improved service to Lambeth. Under the new contract Canon will continue to provide the existing level of service provided by the on-site operative.

- **Reduced Emissions: Lambeth Council has a commitment to be being Zero Carbon by 2030.**

Canon (UK) Ltd has an extensive sustainability strategy. They have achieved and retained an EcoValdis Gold rating for the fourth consecutive year. They follow a 'Produce -> Use -> Recycle' approach to environmental sustainability, which entails managing their products in ways that support a circular economy – from design to end-of-life. The approach they use reduces Greenhouse Gas Emissions from their operations and helps customers to reduce theirs through the energy efficient products.

Canon (UK) Ltd also manage their environmental impact in the following ways:

- Maintaining an ISO 14001 accreditation.
- Set carbon reduction targets and leverage Life Cycle Assessment (LCA) methodologies.
- Design products to meet all relevant regulations, with any hazardous substances at or below the legal limits set out in the Restriction of Hazardous Substances (RoHS) Directive and the Registration, Evaluation, Authorisation and restriction of Chemicals (REACH) Regulation EC No 1907/2006.
- Manufacture devices which are more energy efficient, are quieter in operation, and consider the emissions impact of the devices.

- **Single Use Plastics**

Canon is committed to the realisation of a circular economy. They acknowledge the seriousness of the impacts of single-use plastics and consequently, continue to grow their circular programs.

Realistically, the scale of the challenge of single-use plastics is such that it will not be possible for Canon to abolish them outright from their organisation within the immediate future.

They are therefore pursuing initiatives to make products smaller and lighter, to reuse and recycle and to improve resource efficiency.

Canon are also working to reduce waste at their operational sites. In particular, as a product initiative they are pursuing 'product-to-product recycling' as a way of recycling and

reusing resources. These initiatives provide a framework that encourages resources to be circulated continuously, rather than only once.

By establishing a framework that involves recycling resources from product to product, Canon aims for continued, long-term reuse of resources. Guided by this aim, they carry out initiatives in the remanufacturing of MFD's for offices, a process that takes used products and turns them into products with the same level of quality as brand-new items. In addition, Canon conduct closed-loop recycling in which they extract plastic material from used toner cartridges and use them as material for new ones.

- **Positive Health and Wellbeing**

Canon (UK) Ltd are not accredited with the London Healthy Workplace Charter or equivalent. They are working towards signing the Time for Change Employers Pledge.

Canon supports employees by taking a pro-active and preventative approach to their employees' wellbeing. To help them provide the appropriate support, Canon has trained over fifty Mental Health First Aid Champions, and Mental Health Awareness training (which includes suicide awareness) is now a mandatory part of their management training program. Canon have a clear infrastructure of ongoing development and support for their champions who work hard to reduce the stigma of mental health issues, this includes a contract, an escalation process, and bi-annual training and networking for their volunteers. This is only a part of Canon's wellbeing strategy, and recognises that by taking care of their employees' mental, physical, and emotional wellbeing they add to and improve the company culture. These aspects help to add value to their workforce by producing higher retention rates, lower levels of absenteeism, and improved engagement and morale. Accordingly, Canon's wellbeing activities are wide ranging and cover things such as discounted health care, access to exercise classes and discounted gym membership, opportunities to participate in community volunteering activities during working time.

9.2. **Staffing and accommodation**

There are no TUPE implications for this contract

9.3. **Procurement**

The Business Case for this procurement was signed-off on the 25th January 2019 by the Head of ICT Services.

The Procurement Strategy Report was signed-off by the procurement board on 28th March 2019, pending approval by the Strategic Director. Final sign-off on this report was obtained on 13th June 2019.

Canon (UK) Ltd confirm that from 25th May 2018 the EU General Data Protection Regulation (EU) 2016/768 ("GDPR") will apply to the processing of the Council's data.

Canon will be the Data Processor and London Borough of Lambeth will be the Data Controller.

9.4. **Contract Management**

This contract will be managed by the ICT Contract Team. Monthly service review meetings will be held where representatives from the ICT Contract Team, Canon (UK) Ltd, and key stakeholders will discuss the performance of this contract, monitor KPI's and contract spend.

Canon also propose the setting up of a Programme Roadmap Steering Group which will consist of Canon Account Management and Service Delivery Teams, LBL Solutions Architect, ICT Contract Team, and Service Users. The steering group will meet quarterly to review performance of the contract, identify emerging trends, recommend change, target continuous improvement and agree objectives for completion within the lifecycle of the contract.

Annual Performance Reviews will be undertaken by the ICT Contract Team which will involve input from key stakeholders, Canon Account Management and Service Delivery Teams. Canon also propose having annual Executive Review Meetings, to include LBL Executive Sponsor, Canon Senior Management and Canon Account Management Teams, this meeting would be a contract performance forum to understand changes to the Council's business and adapt the contract for the future.

10. TIMETABLE FOR IMPLEMENTATION

Activity	Proposed Date
Date published on Forward Plan	17 th June 2019
Submission to Procurement/Category Board Administrator	3 rd August 2019
Procurement/Category Board Date	10 th September 2019
Publication on Decisions online	10 th September 2019
End of Publication on Officer Decisions (5 working days) or (10 working days) if CMDDR	
Standstill Period Prior to Decision	10 th to 20 th September 2019
Officer Decision	23 rd September 2019
Execution of Contract	24 th September 2019
Mobilisation Period for	24 th September to 1 st October 2019
Commencement of Contract	1 st October 2019

Audit Trail				
Consultation				
Name/Position	Lambeth directorate / department or partner	Date Sent	Date Received	Comments in paragraph:
Prakash Bijwe – Senior Procurement Officer	Finance & Investment	30.07.2019	31.07.2019	Entire Report
Councillor Jack Hopkins	Leader of the Council		06.09.19	
Councillor Andrew Wilson	Cabinet Member for Finance and Performance	03.09.2019	04.09.2019	
Bayo Dosunmu	Strategic Director for Resident Services		24.09.19	
Andrew Ramsden	Finance & Investment	19.08.2019	05.09.2019	
Michael O’Hora, Legal Services	Legal & Governance	14.08.2019	15.08.2019	
Maria Burton Democratic Services	Legal & Governance	14.08.2019	19.08.2019	
Malcolm DeVela Category Manager, Procurement	Finance & Investment	04.09.2019	05.09.2019	

REPORT HISTORY	
Original discussion with Cabinet Member	June 2019
Report deadline	03.09.2019
Date final report sent	04.09/2019
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	Yes
Date first appeared on forward plan	17.06.2019
Key decision reasons	Expenditure, income or savings in excess of £500,000
Background information	Future Lambeth: Our Borough Plan
Appendices	None

APPROVAL BY CABINET MEMBER OR OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board, and taken account of their advice and comments in completing the report for approval:

Signature: _____ **Date:** _____

Post: Andrew Butler – Senior ICT Contract Support Officer

I confirm I have consulted the relevant Cabinet Members, including the Leader of the Council (if required), and approve the above recommendations:

Signature _____ **Date** _____

Post: Councillor Andrew Wilson, Cabinet Member for Finance and Performance

Any declarations of interest (or exemptions granted):

Andrew Butler – Senior ICT Contract Support Officer

Steven A Johnson – Senior ICT Support Officer

Susana Barnes – Service Manager – Libraries and Archives

Jenny Johnson – Business Support Manager

Joe Igbokwe – Head of Corporate Health and Safety

Any conflicts of interest: None

Any dispensations: None