

DUNDEE CITY COUNCIL

REPORT TO: POLICY & RESOURCES COMMITTEE – 13 FEBRUARY 2014

REPORT ON: PROPOSALS FOR FUTURE OF PRINTING SERVICES

REPORT BY: HEAD OF CORPORATE COMMUNICATIONS and POLICY for LEISURE & CULTURE

REPORT NO: 109-2014

1.0 PURPOSE OF REPORT

1.1 To provide options for the future of Printing Services in the City Council.

2.0 RECOMMENDATIONS

It is recommended that Option 2 is accepted and implemented as this will ensure the future of the printing requirements of the City Council in the most efficient way.

3.0 FINANCIAL IMPLICATIONS

3.1 The costs/savings of the various options are shown in Appendix 1.

3.2 The recommended option for adoption is Option 2 and this would result in estimated budget savings of £143,000 in 2014/15.

4.0 BACKGROUND

4.1 The Printing Service Team provides a service to all departments of the City Council and is traditional in its set-up i.e. it uses offset litho presses to produce single and two colour printed material. The majority of its output is in the form of general stationery – letterheads, compliment slips, business cards etc. The team also prints the City Council's branded envelopes and carbonless sets for various departments.

Design Services supply artwork to the unit for the printing of single / two colour leaflets, brochures, posters and other material suited to the limits of the equipment.

The current printing facility at North Wellington Street comprises of 4 industrial units. The units are underutilised at present but are well maintained and in a popular industrial estate. Annual property costs are £38,000.

Over the years the increasing use of electronic communications has resulted in a reducing requirement for printed products.

The equipment is, in general, outdated, difficult to maintain due to lack of spare parts and it is increasingly more expensive to provide maintenance contracts to keep the machines running.

Departments, at present, are recharged for their printed material. The recharge covers the cost of material (paper and consumables) together with hourly rates for printing, print finishing and delivery.

4.2 The present set up has resulted in reduced income but continued overheads with a resultant actual deficit of £113,000 in 2012/13 and a budgeted deficit of £132,000 in 2013/14.

4.3 Future demand for traditional litho printing is predicted to continue to decline. The following options appraisal has been drafted to determine how printing services for the city council should be delivered in the future.

4.4 The age profile of the printing services team means that of the 6 (5.5FTE) members of staff all are eligible for consideration under the VER/VR scheme; however one is not a member of the LGPS and could therefore only be eligible for the VR scheme.

5.0 OPTIONS FOR THE FUTURE OF PRINT SERVICES

5.1 Option 1 - Retention of Existing Facility

This will result in continued annual budget deficits that are likely to increase. The existing litho equipment is aging and at some stage will need replacing if it is decided to continue to provide a litho facility. The presses are increasingly difficult to maintain and there is growing unavailability of spare parts. The four industrial units housing the service are underutilised at present.

5.2 Option 2 - Creation of a Corporate Printing Service

A new Corporate Printing Service could be located on Floor 1 in Dundee House with the existing North Wellington Street printing team being amalgamated with the IT/Revenues printing service team to create a single corporate printing service.

The existing digital printer could be upgraded to a full colour digital press to accommodate the work produced by Design Services as well as the print output currently generated by Printing Services and IT/Revenues. A single full colour Digital Printing Machine would have the capacity of supplying all stationery and other single/two colour work to Council Departments as well as the vast majority of full colour work produced by Design Services which at present is outsourced via the Tayside Procurement Consortium print framework agreement.

The amalgamated service would utilise both the existing IT/Revenues Print Room as well as the adjacent IT Training Room (which is presently not being used) thus providing adequate floor space to accommodate the full colour digital press and the transferred print finishing equipment required for the new service. There would be a saving of £38,000 annual property costs with the closure of the North Wellington Street premises but would require City Development to be able to re-let the premises.

An audit of printing requirements in the City Council, to evaluate the volume of work required to be undertaken by the single digital machine, has been undertaken and passed to Xerox. They have advised the associated increased lease charges of £5,000 per annum.

Xerox has also suggested that the leased digital printing machine could undertake large print runs presently being done on Multi Functional Devices in various parts of the Council reducing the number required in the future.

At present there are 6 members (5.5 FTE) of staff of the Printing Service and the 8 FTEs members of the IT/Revenues Printing Services. The number of staff required to operate the digital machine will be determined by calculations undertaken on the projected volumes needed by the City Council, the capacity of the proposed digital machine and the utilisation of shifts.

This option also has the possibility of revising the charging mechanism for the corporate printing services team to reflect the new model for the Design Services with the cost of the printing service being recovered as part of the Central Support Recharge Mechanism. Any outsourced print work would be charged to departments at cost.

5.3 Option 3 - Outsourcing of Printing Service

In this option all City Council print requirements would be offered to the private sector via the existing print procurement framework. The framework is divided into Lots (1, 2, 3) with each Lot being serviced by 6 print providers who have fulfilled the criteria identified by Tayside Procurement Consortium. These providers are located throughout Scotland and beyond.

This option, if adopted, would result in the closure of the existing North Wellington Street printing facility and the redeployment of staff after reductions via the VER/VR Scheme. There would be a saving of £38,000 annual property costs but would require City Development to be able to re-let the premises.

At present Design Services outsource, to the private sector, the vast majority of the work produced as the requirement is for full colour printing and cannot be accommodated in-house. This includes all promotional material and printed information collateral. The present arrangement for outsourcing will remain as it is at present.

The output from Printing Services would be added to the outsourced material and would include all general printed stationery, single / two colour information material, reports, minutes, carbonless sets etc.

6.0 FINANCIAL IMPLICATIONS OF THE VARIOUS OPTIONS

6.1 Budgeted Net deficit / surplus:

Option 1 Retention of Existing	deficit of a minimum of £132,000
Option 2 Corporate Printing Service	surplus of £11,000 (i.e. a saving of £143,000 against option 1)
Option 3 Outsourcing	deficit of £110,000 (i.e. a saving of £22,000 against option 1)

7.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality and Risk Management.

There are no major issues,

8.0 CONSULTATION

The Director of Corporate Services, Director of City Development, Head of Democratic and Legal Services and Head of Information Technology have been consulted on this report and re in agreement with its content.

9.0 BACKGROUND PAPERS

None

APPENDIX 1

	OPTION 1 Retention of Existing 2013/14 Budget £000	OPTION 2 Corporate Printing Service £000	OPTION 3 Outsource £000
STAFF COSTS	138	72	72
Cost of VER – ongoing		2	2
PROPERTY COSTS			
Rent	19	-	-
Other Costs	19	-	-
SUPPLIES & SERVICES	132	132	-
Additional Lease Costs	-	5	-
Savings from more printing being done in-house	-	(45)	-
TRANSPORT COSTS	1	1	-
Integration with Courier Service	-	(1)	-
SUPPORT SERVICES	31	31	31
CAPITAL CHARGES	5	5	5
TOTAL EXPENDITURE	345	202	110
INCOME	(213)	(213)	-
NET EXPENDITURE / (INCOME)	132	(11)	110

Existing Budgets for the Printing Service

Costs	Budget 2013/14 £
Staff Costs	
Gross Pay – Admin & Professional	113,674
Supn. APTC Admin & Professional	17,243
NI – APTC Admin & Professional	7,083
On Going Severance Costs	0
	138,000
Property Costs	
Rent	18,750
Rates	10,000
Property Insurance	1,000
Repairs & Maintenance	250
Health & Safety Inspections - Contracts	1,000
Cleaning	0
Water Charges - Metered	1,000
Electricity	6,000
Security	0
	38,000
Supplies & Services	
Maintenance - Equipment	5,000
Materials	67,000
Photocopying	0
Purchase of Paper	54,000
Telephone System	500
BT Onebill	500
Postage	3,000
Other Outlays	1,000
Risk Management – Employers	1,000
Lease of Digital Press	0
	132,000
Transports Costs	
Car Allowance Mileage - APTC	1,000
Support Services	
Central Services	31,000
Capital Charges	
Capital Charge - Depreciation	5,000
Income	
Council Departments	(213,000)
Net Expenditure	132,000