

ITEM No ...9.....

REPORT TO: CITY GOVERNANCE COMMITTEE - 10 JUNE 2024

REPORT ON: MULTI-FUNCTIONAL DEVICES CONTRACT TRANSITION (TAYSIDE PARTNERS)

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 155-2023

1. PURPOSE OF REPORT

1.1 The purpose of this report is to seek approval for the tendering for the print management services across the Council and partner organisations. A sourcing strategy has been developed for this exercise.

2. RECOMMENDATION

2.1 It is recommended that the Committee:

- notes that prior to October 2024 all services will review their requirements for the use of multi-functional devices and rationalise these accordingly.
- approves the commencing of a procurement exercise in respect of the project described, based on the sourcing strategy summarised in this report.
- notes the intention to extend the current contract to allow time for partners to complete a full review of the number of machines under lease before a new tender is issued, and to allow for a smooth transition potentially to a new provider.
- notes the outcome of the tendering process will be submitted to City Governance Committee for final approval in due course.
- notes that the Council will continue to investigate ways of mitigating any harm to the environment and additional CO₂ emissions created in the transition to a new contract and disposal of the existing machines.

3. FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications associated with this report, other than the anticipated cost of the contract to be awarded, the sum of which is included in future revenue estimates. From previous experience and market testing carried out, the total cost of the contracts awarded is expected to be £4.7m over 5 years, with the cost to Dundee City Council being £1.45m over this period.

3.2 Any savings arising from the agreement of the new contract for Dundee City Council and a further rationalisation of use of multi-functional devices will be utilised to contribute towards efficiencies to balance the revenue budget.

4. DETAILS OF THE PROPOSAL

4.1 The current contract for the lease of multi-functional devices was let on a competitive basis through a Scottish Government framework agreement. The contract was let in 2018 and is due to end on 31 December 2024. The contract was let in collaboration with Perth and Kinross Council, Angus Council, Tayside Contracts, Dundee and Angus College and Leisure and Culture Dundee. In total, the contract covers the lease of 1,840 machines of varying capacities.

4.2 Dundee City Council has leased multi-functional devices from Xerox (UK) Ltd under various arrangements for over 30 years. The transition to a new supplier, should the incumbent not be successful in retaining the contract, is a complex task that will take eight to ten months to complete and involves the outgoing provider working closely with the incoming provider,

property services and ICT, to ensure that the transition is seamless in each location. It is expected therefore that although the tender process can be complete by early 2025, the new contract will not be fully in place until 1 January 2026.

- 4.3 There is a current Scottish Government framework agreement in place for the whole Scottish public sector and the proposal is that Dundee City Council enter into a mini-competition under the framework, on behalf of all the contract partners. There are nine organisations on the framework and this is a very competitive market. The proposal would be to let a contract with an initial term of three years, and the ability to extend for a further two periods of one year each.
- 4.4 The experience of the Covid pandemic, during the term of the current contract, has caused a significant shift in the way people in the Council work. The enforced move to home working during the lockdown periods brought much more reliance on electronic communications and a subsequent drop in the amount of printing, even following the general return to office working on a hybrid basis. The annual print volume across the contract partners in 2023 was 61.5m copies compared to 86.5m copies prior to the pandemic.
- 4.5 The framework contract is priced in two parts. There is a cost per print and a lease cost per machine. Therefore, reducing the number of machines used for a given number of prints will be more cost effective over the life of the contract. Removing machines used only for a small number of prints will produce cost savings and reduce scope 3 carbon emissions.
- 4.6 Each contract partner will therefore undertake a full review of the number of machines they have on lease, with a view to making a significant reduction to these numbers before the new contract is let. This will take place between now and October 2024, prior to the final tender documents being compiled.

5. OTHER CONSIDERATIONS

- 5.1 Many of the devices that should have been coming to the end of their life at the end of the contract became idle when the Covid lockdowns came into effect and have not been subjected to the same throughput since because of the change in hybrid working practices noted above. This is particularly the case for machines based within office environments.
- 5.2 The current contract is now in its final year of extension and this means that the Council will be returning a high number of machines that still have working life remaining. Xerox estimate that only 17% of machines in service will have reached the end of their expected working lives by December 2025. In line with our commitment to circularity in procurement we will continue to work with the current contractor to try and find a solution that prolongs the life of those machines that are not in need of replacement.

6. RISK ANALYSIS

- 6.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

Description of Risk	Actions to be taken to manage Risk
Commercial Risk – That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	DCC will need to apply strict criteria to the replacement of machines on premises to gain maximum financial and environmental benefits from this proposal.
Technical Risk – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the	The national framework agreement is mature and the main participants are all capable of meeting the specification.

specification	
Performance Risk – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits	The framework has a strong set of KPIs.
Contractual Risk – Being able to remedy the 's shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	Existing contract is operating well and should continue to do so during transition period. Detailed preparations will be made for smooth transition to new contract and potential new supplier.
Procurement Risk – where a procurement is found unsound in law, through the public procurement rules	Transition is beyond initially advertised contract length and therefore there is risk of challenge from other economic operators. Given that tendering will be underway and transition is unavoidable this is unlikely.

7. CONCLUSION

- 7.1 It is recommended that approval is given to tender for the provision of the multi-functional devices following a review of the Council's requirements under hybrid working.

8. POLICY IMPLICATIONS

- 8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

9. CONSULTATION

- 9.1 The Council Leadership Team have been consulted in the preparation of this report and agree with the contents.

10 BACKGROUND PAPERS

- 10.1 None

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PAUL THOMSON, HEAD OF CORPORATE FINANCE

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