

TITLE OF REPORT: Procurement of External (Non-Variable Data) Print Services via a Framework Agreement

CONTRACT APPROVAL
Key Decision No. FCR S024

Cabinet Procurement and Insourcing Committee
8 November 2021

CLASSIFICATION:

Open with Exempt Appendices A - B

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 appendices A & B, are exempt because they contain Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

If exempt, the reason will be listed in the main body of this report.

WARD(S) AFFECTED: None applicable

CABINET MEMBER

Mayor Glanville

KEY DECISION

Yes

REASON

Spending

GROUP DIRECTOR

Ian Williams, Finance and Corporate Resources

1. CABINET MEMBER'S INTRODUCTION

- 1.1. This report seeks approval for the award of a 4-year framework agreement following a competitive tendering exercise undertaken by the Print Room with support from Procurement.
- 1.2. As per council standing order 4.8, the value of this framework is up to approx £2,078,000, which is over the £2m threshold stipulated in the Council's Contract Standing Orders (CSO) and has to therefore come to the CPIC for review and approval.
- 1.3. I welcome the continued support for a strong inhouse print function that is also flexible and highlight the work through this procurement exercise to ensure that sustainability, social value and the use of SMEs has been built in the new Framework.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1. The delivery of Bulk Print services is devolved by the Chief Executive to the Group Director of Finance and Resources and supports the fulfillment of some statutory and discretionary external communications obligations of Hackney Council and its departments. The management and delivery of these services is entrusted to the Council's in-house Print Team who recharges internal service areas for orders placed with them. To fulfill its duties, the print team also relies on a pool of external suppliers to supplement its internal capacity as and when necessary, on an ad-hoc basis.
- 2.2. This procurement has allowed for a review and renewal of these arrangements with external suppliers, which are due to expire 31/10/2021, in line with our values and current strategies. As such this procurement and the recommendations in this report are supported. They will ensure service continuity and better enable the Print Team to contribute to the achievement of the Council's strategic communications objectives.

3. RECOMMENDATION(S)

Cabinet Procurement and Insourcing Committee (CIPC) is recommended to:

- 3.1 **Approve the award of a 4-year framework agreement, with a total estimated lifetime value of up to £2,078,000 (Lot 1a + Lot 1b + Lot 2), to the following suppliers, under the following service areas as follows :**
 - **Lot 1: Bulk (Lithographic and Digital) Printing Services for an estimated total of up to £1,740,000 over the duration of the framework, broken down as:**

- **Lot 1a - Five (5) Suppliers, Suppliers A, C, D, E, F, to deliver 'Standard' Services for a total estimated value of up to £1,700,000.**
 - **Lot 1b - Two (2) Suppliers, Suppliers D and E to deliver 'Quick Turnaround' Services for a total estimated value of up to £40,000.**
- .
- **Lot 2: Printed Merchandise and Promotional items estimated at up to £338,000 over the 4-year duration of the framework agreement:**
 - **Four (4) Suppliers: Suppliers G, H, I and K.**

3.2 Note that, in relation to Bulk Printing, 'Standard' refers to work with a turn around time of more than 24 hours while 'Quick-Turnaround' refers to work with a delivery time of 24 hours or less.

4. RELATED DECISIONS

- 4.1. On 4/03/2021 the Strategic Director Customer and Workplace approved the Business Case for the procurement of the above framework agreement in accordance with the Hackney Procurement Gateway for Low Risk procurements valued at just over £2 million.
- 4.2. This report seeks authorisation to implement the recommendations resulting from the execution of the Business Case as approved by the Strategic Director, Customer and Workplace.

5. REASONS FOR DECISION/OPTIONS APPRAISAL

- 5.1 The procurement of external print services serves to complement internal print capacity and ensure continuity of service provision. This Framework Agreement will provide additional capacity for additional and specialist print work which may arise on an ad-hoc basis from Council departments and lead to demand exceeding the capacity of the internal Hackney Print team.
- 5.1.1 This report therefore seeks authorisation to set up this framework agreement, which does not guarantee any quantity of work to the suppliers on it, in order to enable the Print Team to competitively meet increases in demand for print services and support the communications strategies of the Council and its departments in a way that is also aligned to the Councils sustainability values.
- 5.1.2 In arriving at this recommendation the following options were considered: (a) Do nothing, (b) In-source service provision, (c) call-off services from existing framework agreements, (d) set up a Dynamic Purchasing System (DPS) and (e) set up a Council specific Framework Agreement.

- 5.1.3 As set out in the Business Case, 'doing nothing' will prevent the Council from meeting its need for print services in a way that is compliant with its procurement standing orders (the current contracts will expire in October 2021) and deny the Council of the protections that the contract provides.
- 5.1.4 Furthermore, the changes in the marketplace, such as failing Bulk Printers, the size of the investment in equipment, staff and premises required for Bulk Printing, as well as the variable nature of Merchandise Printing and demand in general, do not argue in favour of investing in the development of internal capacity to meet all demand.
- 5.1.5 In addition, the existing framework agreements were found to be either 'Managed Services' (which would duplicate the work of the 'management' provided by the internal Print Team) or mainly serving regional markets outside London. Also, the administrative costs of running a DPS would exceed the benefits of setting it up.
- 5.1.6 The setting-up of a Framework Agreement by the Council will enable the Council to tailor the framework to its specific needs (including in terms of sustainability and data security), ensure service continuity and provide contractual mechanisms to manage the quality of services and the variation of supplier prices over the next 4 years, in accordance with Council requirements and budgets, as set out in paragraph 6.2 of this report

5.2 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

- 5.2.1 For the reasons set out in 5.1.3, the following options were considered and rejected:
- 5.2.1.1 (a) Do nothing,
 - 5.2.1.2 (b) In-source service provision,
 - 5.2.1.3 (c) call-off services from existing framework agreements and
 - 5.2.1.4 (d) set up a Dynamic Purchasing System (DPS).

6. PROJECT PROGRESS

- 6.1. **Developments since the Business Case approval.**
- 6.1.1. The 5% Social Value weighting proposed in the Business Case for this procurement was increased to 10%, in accordance with Cabinet Office guidance and the procurement was otherwise undertaken under the Restricted Procedure of the Public Contracts Regulations 2015, as approved in the Business Case and detailed in this report.
- 6.1.2. An invitation to participate in the SQ (Pre Qualification) Stage, under one or more of three areas (Sublot 1a, Sublot 1b and Lot 2), was published on 22/03/2021, via the Council's Procurement Portal, ProContract, on Find-a-Tender (ref. 2021/S 000-005780). The published award criteria was

60% for price-related elements and 40% for non-price-related criteria. The subdivisions of the Council's requirements and procedure for awarding contracts were published as follows:

Lot Name	Sub areas	Max. No. of Bidders to be Shortlisted from SQ stage	Maximum No. of Suppliers to be appointed at ITT Stage to Framework Agreements
Lot 1 – Bulk Printing	a-Standard Bulk Printing Only	5 highest scoring bids at SQ stage for this sub-lot,	3 highest scoring bids not included in lot 1b also
	b-Standard <u>and</u> 'Quick Turnaround' Bulk Printing	5 highest scoring bids at SQ stage for this sub-lot	2 highest scoring bids for lot 1b
Lot 2 – Promotional items	NA	6 highest scoring bids at SQ stage for this Lot	4 highest scoring bids for this lot 2

6.2. Whole Life Costing/Budgets:

- 6.2.1. Based on current activity, it is not expected that future spend will exceed current spend. All print costs for Hackney Print's external clients have a percentage mark up when invoiced in line with industry norms. There are no additional costs for the delivery of the procurement as this will be carried out with existing resources.
- 6.2.2. Table 1 below describes relevant spend over the past 6 years into 3 categories. It is expected that future spend will be within the budgets.

TABLE 1: Print Spend on external non-variable data print services (**estimated during original report and now data unavailable during Cyber attack)

Apr to Mar	Litho/Digital	Promotional items	Total
15/16	£275,500	£102,500	£378,000
16/17	£328,161	£95,839	£424,000
17/18	£268,269	£82,434	£340,000
**18/19	£198,269	£71,731	£270,000
19/20	£437,372	£84,846	£522,218
20/21	£385,337	£13,849	£399,186

6.3. SAVINGS

Based on comparisons between current prices (last 12 months) and equivalent bid prices, savings of between 7% and up to 66% are expected

on some items. However, all print spend is determined by demand from internal departments and their communication plans and strategies. We also expect that by appointing multiple suppliers to the framework a sustained level of competition will be achieved under each Lot as well as competitive pricing and quotations on all jobs

7. SUSTAINABILITY ISSUES

7.1. Procuring Green

The evaluation process verified Bidders 'green' credentials and asked Bidders to price for more environmentally friendly alternatives to procured items. The appointed suppliers will keep the Print Manager up-to-date with new developments in this area and make suggestions on how environmental impact can be reduced throughout the life of the contract.

7.2. Procuring for a Better Society

The provision of this service will have a positive equality impact for people who cannot use online/digital communication channels. Also, of the 8 appointed suppliers 7 are SMEs, one of whom operates from Dalston (supplier E) and is heavily involved in delivering Social Value initiatives in the Borough. All the suppliers evidenced a commitment to delivering Social Value in the locations where they are established. One supplier committed to deliver specific initiatives, in proportion to the amount of business won, in Hackney. The others provided examples of things they could do, and report on, upon agreement with the Print Team if awarded contracts. Therefore, the contract manager will annually request and review each supplier's Social Value activity within LBH and agree where relevant to propose or request activities aligned with original suggestions in the tender.

7.3. Procuring Fair Delivery

No 'Fair Delivery' issues were identified in the PRIMAS, however all the selected suppliers provided sufficient evidence to give the Council assurance that they would meet their London Living Wage obligations under this framework agreement, if successful.

7.4. Equality Impact Assessment and Equality Issues:

No equality issues were identified in the PRIMAS.

8. ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

8.1. The reasons for rejecting alternative courses of action are listed in paragraph 5.2.1 of this report.

8.2. With regards to insourcing service provision, the Council already has an in-house Print Team who deliver these services to Council departments. This Framework Agreement is required to provide additional resources when facing increases in demand. This setting up of a framework agreement will

ensure a hybrid in house/outsourced model of service delivery while also providing business to local SMEs on the Framework Agreement and thereby ensure a healthy marketplace.

- 8.3. As the world moves to a more digital approach to delivering and consuming services, and no strategic changes in demand for print services is foreseen, it is prudent to maintain this model of service delivery and review it if there are any planned changes. The 4-year term and nature of framework agreements provides the Council with the flexibility and contractual protection required in such uncertain circumstances.

9. TENDER EVALUATION

9.1. Evaluation:

- 9.1.1. By the deadline for submitting applications (expressions of interest) of 23/04/2021, 39 suppliers had responded across one or more of the three service areas (sublot 1 a, sublot 1 b and Lot 2), resulting in over 55 applications to Bid under Sublot 1a and/or sublot 1b; 15 applications for Lot 2 were received.

- 9.1.2. The applications were evaluated in accordance with the evaluation criteria and methodology at appendix B of this report, by the panel consisting of the following three (3) officers: Print Manager; Print Coordinator and Print Copier Support Officer. The outcome of the evaluation at this prequalification stage was as follows:

- Lot 1: 33 applications were received:
 - Sublot 1a: 5 applicants were shortlisted as planned
 - Sublot 1b: 4 applicants were shortlisted though 5 were sought.
- Lot2: 16 applications were received. 5 applicants were shortlisted though 6 were sought.

Consequently, on 15/06/2021, 11 suppliers were shortlisted and invited to submit bids (14 in total), under the various lots for which they were successful.

- 9.1.3. By the tender deadline of 13/07/2021, 14 Bids were received and evaluated by the same evaluation panel as detailed in table 2 of Appendix A of this report. All bids were evaluated in accordance with the published evaluation criteria and methodology with a 60:40 cost to quality ratio, as detailed and approved in the Business Case (quality was split as 10% Social Value/Sustainability Proposal and 30% Service Quality).

- 9.1.4. Accordingly, the three highest-scoring compliant Bidders on sublot 1a, who were not also successful on sublot 1b, were selected to deliver Standard Bulk (Digital and Lithographic) Print Services. The two highest scoring Bids from sublot 1b were appointed to deliver 'Quick Turnaround' and Standard

Bulk Printing Services. The highest scoring 4 Bidders from Lot 2 were appointed onto Lot 2 to deliver Printed Merchandise/Promotional Items.

9.2. Recommendation:

9.2.1. Following the evaluation of the bids it is recommended that the bidders below be appointed to the framework agreement as they have met all the selection criteria (i.e. Financial and Economic Standing, as well as Technical and Professional Ability) and minimum award criteria of a pass mark of 3 or more in all areas, except Social Value, and been found to be amongst the highest scoring bidders in the lots they bid for, as set out in the invitation to tender. No parent company or other guarantees are required for any of the bidders referred to in the recommendation at section 2 of this report:

Sublot 1a

Bidder	Quality (30%)	Sustainability Score (10%)	Pricing Score (12%)	Price Score (48%)	Total (100%)	Rank
Supplier A	18.00%	4.00%	7.20%	28.08%	57.28%	4
Supplier B	6.00%	4.00%	7.20%	32.36%	49.56%	5
Supplier C	19.71%	6.00%	7.20%	41.85%	74.77%	2
Supplier E	22.29%	8.00%	8.40%	48.00%	86.69%	1
Supplier F	20.57%	4.00%	7.20%	29.96%	61.73%	3

Sublot 1b

Bidder	Quality (30%)	Sustainability Score (10%)	Pricing Score (12%)	Price Score (48%)	Total (100%)	Rank
Supplier B	6.00%	4.00%	7.20%	28.61%	45.81%	4
Supplier D	18.00%	8.00%	7.20%	28.94%	62.14%	2
Supplier E	22.29%	8.00%	9.60%	48.00%	87.89%	1
Supplier F	17.14%	4.00%	7.20%	29.74%	58.09%	3

Lot2:

Bidder	Quality (30%)	Sustainability Score (10%)	Pricing Score (12%)	Price Score (48%)	Total	Rank
Supplier G	18.00%	4.00%	7.20%	48.00%	77.20%	3
Supplier H	20.57%	6.00%	7.20%	44.36%	78.13%	2
Supplier I	18.00%	4.00%	6.00%	35.49%	63.49%	4
Supplier J	11.14%	4.00%	2.40%	35.89%	53.43%	5
Supplier K	21.43%	4.00%	7.20%	47.92%	80.55%	1

10. CONTRACT MANAGEMENT ARRANGEMENTS

10.1. Resources and Project Management (Roles and Responsibilities):

10.1.1. The framework agreement and suppliers shall be managed by the Print Manager and the nominated Council Authorised Representatives. Suppliers KPI performance data will be reviewed quarterly, and where relevant, meetings held to address any issues, discuss continuous improvements and monitor call-off prices according to the table at 10.2.

10.1.2. There are no TUPE issues under these framework agreements or major implementation issues beyond the administrative process of on-boarding these suppliers into the Council's purchase to pay system, agreeing with suppliers which of their proposed Social Value initiatives will be delivered during the contract period, where these were not specifically provided during the tender process.

10.2. Key Performance Indicators:

<u>Key Performance Indicator</u>	<u>Target</u>
1. Return quotes	100% within 24 hours
2. Final Proof of documents	100% within 24 hours unless stated otherwise
3. Delivery deadlines	100% by the date specified at the point of ordering.
4. Number of Spoils	None
5. Proof of delivery supplied	100% within 48 hours

6. Acknowledge complaints (and propose a solution)	100% within 24 hours
7. Compliance with LB Hackney's Purchase to Pay (P2P) process.	Full Compliance
8. Compliance with GDPR	Full Compliance
9. Compliance with LLW and any other Social Value commitments made	Full Compliance

11. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 11.1. This report seeks approval to agree the award of a 4-year framework agreement, with a total estimated lifetime value of up to £2,078,000 for external print services.
- 11.2. The council operates an internal print room function within the ICT service. The service utilises external suppliers under certain circumstances such as large or specialist print jobs or where demand may exceed the capacity of the internal service. The ICT print room receives orders from other services across the council and prices each job and provides a quote, work is carried out on acceptance of the quote and the cost subsequently recharged to the 'customer'. Service areas should only be commissioning work from the print room if they have identified the budget to cover the costs.
- 11.3. Although the contract is estimated to be 'up to' a lifetime value of £2.08m, services are only commissioned to meet demand and Procurement confirm that this does not commit us to any actual spend at all. The £2.08m figure was arrived at by taking the maximum spend per annum over the last six years, as an average, allowing some head room for the service to grow if demand increased.
- 11.4. All costs incurred under this framework will be incurred by the relevant service area who commissioned the job, and accepted the quote. There are multiple different scenarios of services that may be commissioned, so it is difficult to estimate how costs may compare to the current levels if all other things remained static, but a small number of typical requests compared on the proposed new framework indicate that savings should be realised although these can't be quantified or allocated to any service area due to the ad hoc nature of the service.

12. VAT Implications on Land & Property Transactions

Not applicable for this procurement.

13. COMMENTS OF THE DIRECTOR, LEGAL & GOVERNANCE SERVICES

- 13.1. The contract in this Report was assessed as low risk by the Council and therefore the Business Case was signed off at officer level in accordance with Contract Standing Order 2.5.3. However, the value of the contract to be awarded is higher than the Chief Officer's authority under the Scheme of Delegation, so under Contract Standing Order 2.5.3 the award of contract will need to be approved by Cabinet Procurement & Insourcing Committee because the contract value is above the sum of £2m.
- 13.2. Details of the procurement process undertaken by officers are set out in this Report. Legal Services will, subject to approval, assist with the drafting and execution of the applicable framework agreements as requested.

14. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

- 14.1. This contract award report is supported. A thorough procurement exercise was undertaken which explored all the market could offer to ensure that a robust, fit for purpose framework of suppliers was chosen to meet the full requirements of the council for the recommended 4-year framework agreement. The bids were thoroughly evaluated and moderated and a fair and transparent process has been run which is compliant with the CSO's and the requirements under the Public Procurement Regulations.

APPENDICES

Appendix A - Longlist Expression of Interest and Bidders Prices (Exempt)

Appendix B - Evaluation Weightings (Exempt)

EXEMPT

By Virtue of Paragraph(s) **3** Part 1 of schedule 12A of the Local Government Act 1972 **Appendices A and B are exempt** because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

None

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