

METROPOLITAN BOROUGH OF WIRRAL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

26 SEPTEMBER 2006

REPORT OF THE DIRECTOR OF FINANCE

SERVICE RE-ENGINEERING - PRINT SERVICES

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to inform Members of developments and future requirements in the provision of printing services to the Council following the restructuring of the service.
- 1.2 This report, including the acquisition of equipment, was agreed by the Cabinet on 28 June 2006 and the staffing implications were agreed by the Employment and Appointments Committee on 29 June 2006. Service Re-engineering savings are reported subsequently to the relevant Overview and Scrutiny Committee.

2. BACKGROUND

- 2.1 Cabinet on 8 January 2003 approved the establishment of the post of Print Manager, policies for the control of office printing by the Print Manager and for all print orders to be placed through the Print Manager and the central Print Unit.
- 2.2 Following approval by Cabinet on 18 August 2004, the Print Manager has restructured the Print Unit staffing and equipment levels to offer a cost effective and professional print service to the Council. As previously reported, once the initial objectives had been achieved, further investment in staff and equipment would be considered if necessary to increase the cost effective delivery of print requirements.
- 2.3 Since taking up post, the Print Manager, utilising the approved Print Strategy, has overseen the increase in Print Unit income from £586,801 in 2004/05 to £1,219,168 in 2005/06 resulting in an operating surplus of £337,905.
- 2.4 The Print Manager now controls the majority of work placed with external suppliers and, because of this, is aware of the limitations of current equipment and staffing and also of the opportunities to produce the total print requirements at the most economic cost.

2.5 With the experience of the past two years the following changes are now recommended:-

- replacement of high volume mono and colour copiers
- purchase of a four colour printing press
- additions to staff establishment.

3 High Volume Photocopier replacements

- 3.1 The Print Unit current copying equipment configuration is two Xerox Docutech 6135 high volume mono copiers and a Xerox 2060 Docucolor colour photocopier.
- 3.2 As technology in the digital print arena has developed, equipment of superior print quality is now available with increased flexibility in the papers on which it can print and cost effectiveness in comparison to the equipment currently installed.
- 3.3 Xerox UK, from whom the Council lease the equipment, has offered to exchange the current equipment for the latest equivalent models, two Nuvera mono digital copiers and a Docucolor 8000 digital colour in return for a three year extension of the current contract to 2013.
- 3.4 Xerox is the sole supplier, world wide, of several new and patented technologies incorporated in the new equipment to produce superior print results and improved production processes.
- 3.5 The new contract would include a clause allowing a further new technology swap out in years 3 or 4, i.e. the replacement of the equipment by newer equipment at no additional cost.
- 3.6 The current contract includes an annual increase of 2% above the rate of inflation to 2010. The new contract includes an annual increase by the rate of inflation, currently 2%, from year 4 onwards.
- 3.7 At current volumes and rate of inflation, the new contract offers a saving of £87,000 over the remainder of the current contract to 2010 as follows:

2006	Nil
2007	£6,000
2008	£16,000
2009	£27,000
2010	£38,000

3.8 The Print Unit has for two years operated with an additional post of Temporary Print Assistant. The occupant of this post carries out the same duties as the existing two Reprographics Officers. It is proposed that a further post of Reprographics Officer Scale 4 is established and the Temporary Print Assistant post is deleted.

4. Four Colour Printing Press

4.1 The Print Manager has reviewed the existing equipment and determined that a four colour printing machine would be beneficial to the Council.

4.2 Currently, the majority of high value colour printing is sourced from external suppliers due to the constraints of the present equipment.

4.3 In 2005/06, £250,000 of printing was sourced from external suppliers with colour printing capabilities. Of this, an estimated 80% (£200,000) could be produced internally with the acquisition of a four colour printing press. The remaining 20% would continue to be sourced externally due to the nature of the printing requirements.

4.4 Of the £200,000 retained work, approximately £68,000 would be material costs, £22,000 labour and £20,000 depreciation with the balance of £90,000 being value added i.e. absorption of existing labour and overheads this forming a service re-engineering saving. These figures are based on present turnover and do not take into account the anticipated further increases in this type of work.

4.5 The existing Printer would be trained to operate the new four colour equipment with a "second minder" required to operate the existing two colour machine and provide cover for the four colour printer to ensure that full production is maintained.

4.6 The intention would be to acquire a refurbished 4 colour press at an estimated cost of £150,000.

4.7 It is estimated that the 4 colour press would have a retained value after a further 5 years of at least £50,000.

5. PRINT UNIT STAFFING

5.1 The Unit currently has a permanent establishment of 9 posts in addition to the Print Manager:

1 x Print Room Supervisor	SO1
2 x Printing Officer Colour litho (press) operator)	Scale 5 (Plate maker/ designer &
1 x Finishing Operative	Scale 5
2 x Reprographics Operator	Scale 4

1 x Administration Assistant Scale 3/ 4
2 x Finishing Operative Scale 3

Plus:

1 x Temporary Print Assistant Scale 1

- 5.2 All of the above are financed from the existing trading income which has resulted in the surplus reported at paragraph 2.3.
- 5.3 The establishment of additional permanent posts of Second Minder Scale 4 and a further Reprographics Officer Scale 4 was agreed by the Employment and Appointments Committee. The Temporary Print Assistant post will be deleted.
- 5.4 Information from the Association of Print and Communications Managers (APCOM), which comprises 140+ local government print managers, suggests that print units with a turnover of £1.4m have in the region of 18 to 23 staff.

6. PROCUREMENT PROCEDURES

- 6.1 The extension of the volume copier contract and the acquisition of a refurbished four colour press have been discussed and agreed with the Procurement Manager.
- 6.2 The value of the extension to the existing volume copier contract with Xerox (UK) is in excess of applicable thresholds under European Union regulations. However, the Contract Procedure Rules allow for a single tender negotiated (Negotiated Procedure) with a contractor already engaged by the Council. The justification in this case is:
- This is an extension of an existing contract
 - Xerox is the sole supplier, world wide, of several new and patented technologies incorporated in the new equipment to produce superior print result and improved production processes
 - The price has been negotiated at a level 10% below the current Yorkshire Purchasing Organisation contract price, equivalent to £23,000 a year
 - The new contract will offer savings of £87,000 over the remaining life of the existing contract
 - The new contract replaces an annual price escalator of 2% above inflation with one of the rate of inflation (currently 2%)
 - The new contract allows for a technology swap out at years 3 or 4 at the Council's discretion without penalty.

- 6.3 The value of the refurbished press will be below the applicable threshold under European Union regulations. Contract Procedure Rules states that where the supply can only be made by one supplier and there would be no genuine competition the action must be reported to Cabinet.

7. FINANCIAL AND STAFFING IMPLICATIONS

- 7.1 The replacement digital copying equipment would be supplied with an extension to the current lease by three years at a saving to the Council of £87,000 to 2010 at the current rate of inflation.
- 7.2 The refurbished four colour offset litho printing press would cost in the region of £150,000 to be financed from the Printing Reserve. The supply of colour printing machines is a global market and costs fluctuate, governed by factors of supply, demand and exchange rates. I would endeavour to enter the market to achieve a financial advantage to the Council but would have to make decisions at short notice to obtain the best prices available.
- 7.3 The new posts outlined at paragraph 5.3 would incur additional costs of £27,600 per annum to be financed from existing income and the additional income generated by the four colour press.
- 7.4 With this combination of equipment and staff resources, the Print Manager anticipates that approximately £2m of Council sourced print can be carried out in house.

8. EQUAL OPPORTUNITY IMPLICATIONS

- 8.1 There are no specific implications arising from this report.

9. HUMAN RIGHTS IMPLICATIONS

- 9.1 There are no specific implications arising from this report.

10. LOCAL AGENDA 21 IMPLICATIONS

- 10.1 The new equipment is more energy efficient with the digital copying equipment producing less ozone emission, reduction of waste through efficient transfer of dry ink, uses replaceable units designed for return and recycling and reliable performance with recycled papers.
- 10.2 The four colour printing press also requires fewer chemicals to operate efficiently.

11. COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are no specific implications arising from this report.

12. PLANNING IMPLICATIONS

12.1 There are no specific implications arising from this report.

13 LOCAL MEMBER SUPPORT

13.1 There are no specific implications arising from this report.

14 BACKGROUND PAPERS

14.1 No background papers have been used in the preparation of this report.

15. RECOMMENDATION

15.1 That the estimated service re-engineering saving of £90,000 rising to £177,000 by 2010 be agreed.

IAN COLEMAN
DIRECTOR OF FINANCE

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