

WIRRAL BOROUGH COUNCIL

CABINET

14 OCTOBER 2010

REPORT OF THE DIRECTOR OF FINANCE

SUPPLY & DELIVERY OF STATIONERY, INFORMATION TECHNOLOGY CONSUMABLES AND COPIER PAPER

1. EXECUTIVE SUMMARY

- 1.1 This report informs Cabinet of the award of a contract to the most economically advantageous tenderer for the supply and delivery of stationery, Information Technology Consumables and copier paper.
- 1.2 The report outlines the procurement process undertaken by the Procurement Team in partnership with the Merseyside Collaboration Procurement Group. The lead authority was Knowsley Council.

2. BACKGROUND

- 2.1 Seven Local Authorities (Wirral, Liverpool, Halton, Knowsley, Sefton, St Helens and Cheshire West and Chester) form the Merseyside Procurement Group where knowledge and best working practices are exchanged on a regular basis. The group focuses on procurement opportunities that are consistent throughout each of the authorities; to aggregate expenditure and volume with a view to delivering efficiencies and obtaining best value across the sub region.
- 2.2 The current framework agreement for the supply of copier paper and office stationery supplies expired on 30 September 2010.
- 2.3 The 12 months' expenditure from January to December 2009 through the contract by six authorities within the collaboration was as follows.

Authority	2009 Expenditure
Liverpool CC	£609,317
Sefton MBC	£353,436
Knowsley MBC	£332,673
St Helens MBC	£187,459
Halton BC	£162,585
Wirral MBC	£415,012
Total	£2,060,482

3. TENDER PROCESS

- 3.1 A “Buying Solutions” framework, let in January 2010 was considered and proved to offer the flexibility required to conduct further competition which met the requirements of the Collaborating Authorities. This approach provides exemption from a full procurement process under the contract procedure rules as tenders have already been invited by a public body.
- 3.2 The framework approach was agreed in a meeting of procurement representatives held on 1 April 2010. In addition to stability in the prices and availability of key product lines and process efficiency other value for money and sustainability decisions taken during this meeting included to:-
- Adopt a single source agreement as currently operated
 - Switch, where possible, to own branded products
 - Rationalise and consolidate the product range significantly
 - Continue the use of 100% recycled copier paper and favour other products with recycled content where economically advantageous
 - Conduct the process via an e-Auction
- 3.3 The quotation responses were evaluated, independently by each Collaborating Authority against non financial criteria, as detailed below:

Quality 40%
Price 60%

Quality Criteria	Weighting
Assurance of Supply	12%
Quality Management	10%
Service	12%
Sustainability	6%

A sampling exercise was also conducted, as part of the evaluation, to ensure that generic items were ‘fit for purpose’. The Wirral Stationery User Group took part in the product evaluation.

- 3.4 Following the completion of the E-Auction conducted on 12 August 2010, the Most Economically Advantageous Tender was submitted by **Banner Business Services**.

4. BENEFITS

- 4.1 Maintaining the ‘one stop shop’ approach to this commodity will continue to maximise the efficiencies in processing orders, receipting goods and invoicing that exists with the current arrangement. This will be further enhanced when full electronic transaction processing to punch out / punch in to the Oracle i-Procurement system is implemented.

- 4.2 Rationalisation of the range of key / catalogue products and the switch to own branded product maximises the leverage in terms of prices for these items which has resulted in the potential savings stated below. Further support from senior management will be required to enforce the message amongst departments to purchase from the key product list.
- 4.3 Product and price stability will be achieved by contract stipulations and an agreed formula for annual price adjustment, capping any increase to the Retail Price Index.
- 4.4 The award of the contract for an initial two year period with options to extend, will provide an incentive for the supplier to maintain expected performance standards.

5. FINANCIAL AND STAFFING IMPLICATIONS

- 5.1. The annual savings potential for six of the Collaborating Authorities is estimated at £879,000 or 42.6%. If this is pro-rated in terms of the comparative expenditure in 2009 of each Authority, the potential savings are as follows:

Authority	Estimated Annual Savings
Liverpool CC	£260,000
Sefton MBC	£151,000
Knowsley MBC	£142,000
St Helens MBC	£80,000
Halton BC	£69,000
Wirral MBC	£177,000
Total	£879,000

- 5.2 On receipt of the breakdown by item, further analysis demonstrates the following potential savings for Wirral: If own brand products and compatible/re-manufactured ICT cartridges are purchased, there is a potential 41% saving which equates to approximately £160,000.
- 5.3 The contract will be managed by the Procurement Team, in conjunction with the established user group and the other Merseyside Authorities.
- 5.4 There is some impact on information technology as a result of this framework agreement. The Procurement Team will work closely with the Oracle Systems Team to ensure that the electronic catalogue from the recommended supplier is implemented and managed on the Council i-Procurement system.
- 5.5 To develop the capability to move to full electronic Procure to Pay transaction processing will require input from the Information Technology Systems Team.
- 5.6 The use of compatible/re-manufactured ICT cartridges is supported by IT Services, subject to successful trials.

6. RISK ASSESSMENT

- 6.1 The tendering process has taken place against an existing Buying Solutions framework that has been successfully awarded in compliance with current European Union Procurement Legislation; therefore the risk of a legal challenge against the award decision is significantly reduced.
- 6.2 The capability of each supplier on the framework has previously been assessed and rigorously scrutinised by Buying Solutions therefore the risk of selecting a supplier who is not capable of meeting the requirements of the Collaborating Authorities is low.
- 6.3 As a change of supplier is to take place, there is the risk of disruption to supplies during the implementation period. To mitigate this risk, potential suppliers were evaluated on their capability to implement solutions with new customers and provide draft implementation plans. The plan for the proposed supplier has been evaluated by representatives of the Collaborating Authorities and passed as fit for purpose.
- 6.4 The performance of the supplier will be monitored and maintained by a combination of Management Information supplied to a required format and demonstrating performance against key performance indicators stipulated and agreed in the response to the Invitation to Quote. This information will be reviewed and feedback provided to the supplier in scheduled formal review meetings.
- 6.5 The reduction in the number of products available in the i-Procurement catalogue may result in users not being able to purchase certain items that may be their preference. This increases the risk of maverick spend but could be mitigated by the introduction of a policy to only purchase standardised items. Hard copy full range catalogues will not be circulated.
- 6.6 There may be some issues around the compatibility of own label or re-manufactured cartridges and toners. To mitigate this risk, propriety brands will be included initially as key products. In the case of Hewlett Packard, prices will remain stable as a result of a Corporate Support Package that has been agreed, meaning that prices will only be reviewed on an annual basis on the anniversary of the agreement.

7. EQUAL OPPORTUNITIES IMPLICATIONS

- 7.1 There are no equal opportunities implications arising from this report.

8. PLANNING IMPLICATIONS

- 8.1 There are no planning implications.

9. COMMUNITY SAFETY IMPLICATIONS

- 9.1 There are no implications under this heading.

10. HUMAN RIGHTS IMPLICATIONS

- 10.1 There are no implications under this heading.

11. LOCAL AGENDA 21 IMPLICATIONS

11.1 There are no implications under this heading.

12. LOCAL MEMBER SUPPORT IMPLICATIONS

12.1 There are no implications under this heading.

13. BACKGROUND PAPERS

13.1. Tender documentation.

14. RECOMMENDATIONS

14.1 That Cabinet agrees to the award of a contract for the supply and delivery of stationery, Information Technology Consumables and copier paper commencing 1 October 2010 for a period of two years with an option to extend for up to a further two years.

14.2. That Cabinet approve the adoption of a rationalised product list, including limited availability of branded products.

IAN COLEMAN
DIRECTOR OF FINANCE