



City of Westminster

# Cabinet Member Key Decision Report

<b>Decision Maker:</b>	Councillor David Boothroyd, Cabinet Member for Finance and Council Reform
<b>Date:</b>	01 June 2023
<b>Classification:</b>	General Release
<b>Title:</b>	Print Management and Mail Contracts
<b>Wards Affected:</b>	All
<b>Fairer Westminster/Policy Context:</b>	This decision delivers on Fairer Communities by ensuring a continued and high-quality advice offer in Westminster
<b>Key Decision:</b>	Yes
<b>Financial Summary:</b>	The total award is to the value £3,372,000 for a 36-month period
<b>Report of:</b>	Gerald Almeroth, Executive Director Finance and Resources

## 1. Executive Summary

- 1.1 This report sets out the rationale of a compliant direct award for contracts around mail, printing, and reprographics. The contracts are split across separate Council contracts and are to be aligned into a single contract provision to commence on 1 June 2023. This allows the Council to consolidate the provision, transform that service and ultimately undertake more consistent contract management and deliver transformational digital solutions to lower costs in the future. The current supplier is performing well and has a track record of delivering this transformation which supports the Council's Fairer Environment objective.

1.2 The contracts and maximum values are listed below:

<b>Services</b>	<b>Projected Spend - 2 years</b>	<b>Projected Spend - Extension</b>	<b>Max. total Contract Spend</b>
Print Management	£70,000	£35,000	£105,000
Reprographics	£190,000	£95,000	£285,000
Inbound Mail (scanning)	£6,000	£3,000	£9,000
Outbound Hybrid Mail	£656,000	£328,000	£984,000
Mail Room Services	£996,000	£498,000	£1,494,000
Scanning and Archiving	£380,000	£190,000	£570,000
One off software charge	£30,000		
	<b>£2,328,000</b>	<b>£1,149,000</b>	<b>£3,477,000</b>

## **2. Recommendations**

- 2.1 Cabinet Member for Finance and Council Reform approves the award of a contract to Ricoh UK Ltd for print, post and document management services from 1 June 2023 to 31 May 2025 with an option of a one year extension to 31 May 2026 for a total value of £3,477,000.
- 2.2 Cabinet Member for Finance and Council Reform delegates the approval to exercise the option to extend to the Executive Director of Finance and Resources.

## **3. Reasons for Decision**

- 3.1 The rationale for directly awarding a contract, through Kent County Council KCS Framework for the provision of Managed Services for Business Solutions Y20023, with the existing provider is multi-faceted. It is proposed that Ricoh will work with Westminster City Council (WCC) over the next two years to digitalise our services. As agile and digital ways of working continue to evolve, there is a need to introduce new solutions to improve services across the council, reduce costs and make efficiencies. The strategy is to reduce the volume of physical mail being handled by staff and make a transition to electronic hybrid-mail for both inbound and outbound services.
- 3.2 Hybrid Mail is a secure and cost-effective digital mail service that enables users to send physical mail, like letters, marketing collateral and invoices, directly from a computer or laptop. End users who work from home, in office or create the content and a third-party provider does the printing and the posting, with the user never having to leave their desk, so the service works equally well for office-based staff or those working remotely.

- 3.3 As part of the digitisation, WCC Project team in partnership with Ricoh will review and implement operational changes to deliver standardised approach through the council delivering operational and cost efficiencies.
- 3.4 These initiatives will provide the opportunity to review the feasibility to consolidate the Mail and Print teams by utilising the existing Senior Street building and relocating the current City Hall Print Operation on the ground floor. It is anticipated that this part of the project will deliver £90,000 in cost efficiency annually.
- 3.5 Experience from elsewhere has shown that digitalisation of mail service with an established provider is the preferred approach rather than specifying this in a new tender. A potentially new provider digitalising the service is a riskier approach. Once the digitisation is complete, the Council will retender the digital service, in two to three years' time depending on the progress of digitalisation.

#### **4. Background, including Policy Context**

- 4.1 On 24 May, a report to compliantly directly award five print management and mail contracts was endorsed internally. Five contracts (plus Scanning and Archiving service approved internally in April) will be merged into one single agreement via a procurement compliant route – the KCS Framework. The new contracts are planned to commence on 1 June 2023 for a period of 2 years and with an optional extension period of 1 year delivered by Ricoh, the current provider.
- 4.2 The services are described below:

Print Management	Printing that cannot be printed onsite i.e., hoardings for building, magazines, hybrid mail
Reprographics	On-site print room
Inbound Mail (scanning)	1000 letter per month are being redirected to Ricoh's site for scanning.
Outbound Hybrid Mail	Hybrid mail is a document distribution solution, using a combination of electronic and physical delivery. Hybrid mail involves digitally sending a document to a hybrid mail provider. The provider distributes the document by email or via their print and post set-up.
Mail Room Services	Delivers and collects to various Westminster sites, including school's libraries and other premises.
Scanning and Archiving	Scanning and storage of documents

- 4.3 The digitalisation programme will include stopping using franking machines, introducing envelop barcodes, replacing the four courier vans with electrical vehicles and reduce the number or courier routes. This directly supports the council's vision through Fairer Westminster and the Responsible Procurement and Commissioning Strategy. It is estimated that this transformation project will enable WCC to reduce over 1600kg of Co2 per annum, and a monetary saving of £10,000 of fuel consumption per annum.

## **5. Financial Implications**

- 5.1 For Print Management, Reprographics and Mail the 2022/23 spend across all contracts is circa £1.800m per annum the various contracts have budgets held throughout the council totalling £1.646m against GL 4705 Printing for 2023/24. 2022/23 actual spend relating to this Ricoh contract: £0.973m. This award would put the Ricoh contract at £0.959m per annum and £2.877m in total (2+1). In addition, there is a one-off charge of £0.030m License in Year 1. Final expected costs for this Ricoh award for 3 years are £3.447m + £0.030m one off licence in Year 1 = £3.477m
- 5.2 For archiving and scanning the costs of the contract are paid for from within the Information Governance cost centre W29610 in Innovation and Change after the services was transferred from Finance and Resources. Any costs for the contract are fully recharged and funded by budgets across all ELT service areas based on usage data provided by the service via Ricoh.
- 5.3 Each Ricoh contract is separately owned by a key stakeholder within different services areas. Mail and print services are provided across the council, including but not limited to, City Hall, Lisson Grove, Libraries, Registrars, Coroners and Schools.
- 5.4 The council due to the pandemic has adapted to paperless alternatives for various services, the costs have naturally declined. There is an MTFP collaborative printing saving of £0.050m 2023/24. Average Printing costs across the council are on track for these savings to be met, more savings are expected with the mail digitalisation.
- 5.5 For archiving and scanning since the start of the previous agreement, Ricoh have reduced costs by 38%, versus the previous supplier. Ricoh are negotiating with subcontractor to try and reduce cost increases even though the contractual position is an RPI increase.
- 5.6 The Mail digitalisation will deliver efficiencies through digital automation in various areas including mail franking machine rental, postage costs, courier service, reduction in courier vans, rent electrical vehicles, consolidation of mail

with print services, digital inbound and out bound mail. The estimated high level saving amount to £0.017m per annum following Year 1.

- 5.7 This new contract has fixed the costs for 2 years and inflation linked CPI for the Year 3 (May 2025 CPI)

## **6. Legal Implications**

- 6.1 The recommendation is to directly award a call-off contract to Ricoh UK Ltd (company number 01271033) under a Framework Agreement procured by KCS Procurement Services for the provision of Managed Services for Business Solutions (Framework ref Y20023). The call-off contract would be for a period of 2 years with the option to extend for a further 1 year.
- 6.2 The value of the proposed call-off contract is above the threshold requiring compliance with the Public Contracts Regulations 2015 (PCR).
- 6.3 The Council can comply with the PCR by calling off a contract under a compliant framework and ensuring that:
- (a) It is legally allowed to use the framework;
  - (b) The scope of the services under the framework are suitable for its needs;
  - (c) It follows the award procedure set out under the framework;
  - (d) It does not make any changes to the call-off contract conditions or pricing.
- 6.4 The FTS Contract Notice for the KCS Framework clearly stated that it is open to all local authorities in England. The Council is therefore permitted to use the Framework.
- 6.5 The Framework allows for contracts to be called off by direct award where the customer (here the Council) complies with the direct award criteria set out in the Framework. This requires that the customer meets any one of the following objective conditions:
- Customer is satisfied that, following their own due diligence, they can identify the supplier that offers best value for their requirement
  - The supplier is able to supply the required goods/services within the customers timescales
  - Goods/services required are unique/exclusive to one manufacturer/supplier
  - Continuity of existing goods/services from an awarded supplier
- 6.6 The proposed call-off is in compliance with the PCR.
- 6.7 Prior to the commencement of the services, a call-off contract must be executed with Ricoh under the terms set out in the Framework and Legal Services' support and assistance should be sought to ensure this takes place.

**7. Carbon Impact**

7.1 Please refer to paragraph 4.3.

**8. Equalities Implications**

8.1 None

**9. Consultation**

9.1 Not applicable

**If you have any queries about this Report or wish to inspect any  
of the Background Papers, please contact:**

Ivano Spiteri

Head of Workplace and FM Delivery – Corporate Property

**APPENDICES**

None

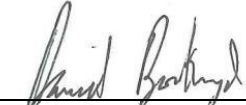
**BACKGROUND PAPERS:**

None

For completion by the **Cabinet Member of Finance and Council Reform**

**Declaration of Interest**

I have no interest to declare in respect of this report

Signed:  Date: 01 June 2023  
NAME: Councillor David Boothroyd

State nature of interest if any

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*(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)*

For the reasons set out above, I agree the recommendation(s) in the report entitled **Print Management and Mail Contracts** and reject any alternative options which are referred to but not recommended.

Signed  .....

Cabinet Member for Finance and Council Reform

Date ...01 June 2023.....

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:  
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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.