

 <b>Executive</b> <b>27 July 2016</b>		<b>Agenda Item No.</b> <b>9</b>
<b>Title</b>	Procurement Exemption for WDC copier maintenance 2016/17	
<b>For further information about this report please contact</b>	Samantha Ingram Media and Communications Manager Ext: 6069	
<b>Wards of the District directly affected</b>	None	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	None	
<b>Background Papers</b>	None	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	No

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive	24/6/16	Chris Elliott
Head of Service		n/a
CMT	5/7/16	
Section 151 Officer	11/7/16	Mike Snow
Monitoring Officer	11/7/16	Graham Leach (Deputy)
Finance	11/7/16	Mike Snow
Portfolio Holder(s)	11/7/16	Andrew Mobbs/Michael Coker
<b>Consultation &amp; Community Engagement</b>		
None required		
<b>Final Decision?</b>		Yes
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **SUMMARY**

- 1.1 This report seeks agreement for Ricoh to continue copier maintenance provision for Warwick District Council's 49 Ricoh copiers on a rolling three month basis until at the latest September 2017, following the expiration of the current maintenance contract in June 2016.

## 2. **RECOMMENDATION**

- 2.1 That Executive approves an exception to the Code of Procurement Practice to enable the services of Ricoh to implement a rolling three month maintenance contract until September 2017 at the latest.

## 3. **REASONS FOR THE RECOMMENDATION**

- 3.1 Warwick District Council purchased a fleet of 49 Multi-Functional Devices (MFDs) and printers from Ricoh through a copier tender process in 2011. A colour press was also purchased under a separate tendering exercise at the same time to trial an in-house digital print service with an estimated saving of £12,000 per year. These purchases were then covered by a 5 year finance lease, organised by Finance, while maintenance was agreed via a tender for 4 years with Ricoh UK. The 4 year maintenance contract ended in June 2015, but due to there being another year on the finance lease, Ricoh agreed to extend the maintenance contract for an additional year to expire at the end of June 2016. As of June 2016, the contract automatically started rolling as per standard industry practice.
- 3.2 As the finance lease comes to an end, the Council has two options – either purchase the equipment it has been leasing for a nominal fee or pay to send them back and procure alternative equipment. Although a tender process is underway to replace the current colour press before the end of the 5 year finance lease, the Council is not yet in a position to completely replace its fleet of MFDs and Printers, particularly due to the uncertainty around office copier needs leading up to the relocation of the Council's offices. It has therefore been decided that the best option is to purchase the existing equipment when the lease arrangement ends. This will temporarily bring the annual cost down from £32,143 to around £275, until the fleet can be replaced, as well as allowing the Council more time to consider its requirements for new equipment.
- 3.3 As the Council will be retaining the equipment, it needs to ensure it has a maintenance contract so that it is not vulnerable to any breakdown in equipment. Ricoh has advised that it would not be economically feasible for them to commit to a new maintenance contract, however, they are willing to let the current maintenance contract continue on a 3 month rolling basis until we are able to replace the current copier fleet, subject to a maximum of 12 months.
- 3.4 As the current fleet is Eco-line and therefore made up of a mixture of 5 and 7 year parts, it is unlikely that the Council would be able to obtain a new maintenance contract with a competitor that would be able to match the costs and terms of the rolling contract.
- 3.5 The exemption would align with the timing for the new HQ office relocation, whereby we can re-evaluate our copier and printer requirements for the new office and look in to procuring a new fleet to better suit our needs.

- 3.6 The Code of Procurement Practice would normally require open tenders be obtained for work over the value of £20,000, however the Procurement Manager has agreed that the procurement exceptions are justified in this case and has agreed to proposition within this report to be considered by the Executive.

#### 4. **POLICY FRAMEWORK**

- 4.1 **Policy Framework** – The report does not impact on the Policy Framework for the Council.

#### 5. **BUDGETARY FRAMEWORK**

- 5.1 Currently there is no budgetary impact for running costs because Ricoh has agreed to roll on the current contract at no financial increase, however as previously stated in 3.2, purchasing the copiers would result in short term savings of £31,500 per annum until such time as a new fleet of copiers is procured.

#### 6. **RISKS**

- 6.1 The financial risk to the Council is that if the proposal is not agreed then there would be a need to go out to tender, which may result in an increased cost over and above the cost of the RICOH 3 month rolling contract as well as the time and effort expended for what is likely to be a relatively short term contract.
- 6.2 In addition, the resulting tender could cause Ricoh to withdraw maintenance support of the rolling contract effective immediately leaving the Council vulnerable to copier breakdowns and no consumables. Also, following tender the Council may be left with no maintenance support at all if no company is willing to bid.
- 6.3 It should be noted that the 3 month rolling contract itself does carry its own risk because potentially the supplier could terminate at any of the 3 month intervals, however, given Ricoh have acted in good faith so far and are interested in any future contracts from the Council it is felt unlikely that they would take such action.

#### 7. **ALTERNATIVE OPTION(S) CONSIDERED**

- 7.1 The Council could investigate buying a new fleet now, but this would not be cost-effective given the planned office move within the next couple of years and there are other organisational changes which could drastically alter our print requirements e.g. impact of Leisure development.
- 7.2 The Council could investigate a new maintenance contract with a competitor, but given the fleet is made up of a mixture of old parts, it is unlikely there will be another provider who could match the current provider in terms of costs and terms and conditions for such as short period of time.

#### 8.0 **BACKGROUND**

- 8.1 In summary, with support from the Procurement Manager, the new copier replacement plan is as follows:

- Replace the current fleet of 49 copiers by September 2017 with a reduced number of copiers. This reduced quantity will be a compromise in reducing printers, not quite as few as required in the new building, but less than procured 5 years ago. This reduction will take into account: department moves/shrinkage, increased home working and changes with the leisure centre development.
- The new copier replacement is likely to be a 3 year lease to cover the period up until moving to the new HQ and the first year in the new building.
- A 3 year lease would allow flexibility for an extension beyond 3 years if needed due to any delays that could occur in the HQ move. It would also allow, upon moving to the new HQ and establishing new print requirements, extensions to be made to printers that are deemed essential, and termination without penalty for printers no longer needed.
- The 2017 copier replacement plan would also give us flexibility to work on a new full copier replacement plan suited to the new HQ and ways of working, while in situ, to implement before 2022 and the 5 year maximum lease allowance deadline.

8.2 Work on the copier replacement plan will start in September 2016 when the print framework is completed.