

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	12 th November 2013
Report of:	Peter Bates, Chief Operating Officer
Subject/Title:	Re-Procurement of Office Supplies (Paper, Stationery and Print Consumables) (Forward Plan Ref. CE 13/14-60)
Portfolio Holder:	Councillor J P Findlow, Corporate Policy

1.0 Report Summary

- 1.1 Cheshire East Council (CEC) currently spends circa £200,000 per annum on Paper, Stationery and Print Consumables.
- 1.2 There are currently two separate contracts in place: General Stationery supplies, and Print Consumables. Both of these contracts expire 31st January 2014.
- 1.3 It is proposed a new contract term be procured for a period of two years with two extension periods both of 12 months, i.e. from 1st February 2014 until 31st January 2016 with possible extensions until 31st January 2017 and 31st January 2018 respectively.” In total the proposed contract value over the full four years is estimated to be in the region of £800,000.
- 1.4 The Corporate Procurement Unit have researched the procurement options available for the re-procurement of Office Supplies. The most expedient, cost effective route is to utilise a public sector framework and the most appropriate route is to undertake a mini competition using the Government Procurement Service (GPS) framework for Office Supplies RM781.
- 1.5 It is anticipated that significant savings will arise from this procurement exercise but it is recognised that further savings might be achieved by sourcing cheaper alternative products or simply by the Council consuming less. Initiatives to support this aim will be explored with a view to reducing spend further in this area.

2.0 Recommendations

- 2.1 That Cabinet approve the procurement route of utilising a public sector framework agreement managed by Government Procurement Service (GPS) by undertaking a mini competition and e-auction to

secure both savings and value for money in its office supplies provision for the Council for the period 2014 to 2018.

2.4 That Cabinet delegate authority to the Chief Operating Officer in consultation with the Portfolio Holder for Corporate Policy to award a single contract to the highest scoring bidder following a legally compliant procurement exercise, and subsequently enter into a contract; specification to include a quality element, seeking bids which comply with the core requirements of:

- Lodged card payment capability
- Internally agreed MI specification
- Twice weekly consolidated delivery

3.0 Reasons for Recommendations

3.1 To ensure that the council obtains maximum value for money and to ensure a robust, compliant procurement procedure is undertaken.

3.3 To ensure that future procurement and contracts for these services comply with the Public Contracts Regulations 2006 and the Council's Finance and Contract Procedure Rules.

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

6.0 Policy Implications

6.1 The recommendations within this report support the Council in its general operational activity. Green products will be available and purchased wherever they offer value for money and sustainable benefits to the council.

6.2 The new contract will be for use by Council Corporate depts. and any associated companies whom are legally able to use these arrangements.

7.0 Financial Implications

7.1 All services within the Council are able to purchase supplies from this corporate contract and these will be purchased from individual service budgets.

7.2 The annual current spend of £200,000 p.a. is broken down as approximately £130,000 on Office Supplies and paper and

approximately £70,000 on print consumables and electronic office supplies. Targeted cost savings for the e-auction procurement exercise (in total) is around 20% which on current spending will equate to around £40,000 per year.

8.0 Legal Implications

- 8.1 The existing contracts for Stationery and Print Consumables will expire on 31st January 2014 and cannot be extended.
- 8.2 Given the contract value for the new contract, the council will need to re-procure in accordance with the Public Contract Regulations 2006 and the Councils own Finance and Contract Procedure Rules.
- 8.3 As the proposed procurement is utilising a compliant public sector (GPS) framework, the council is able to undertake its own mini competition and call-off its requirements.
- 8.2 As these are supplies contracts there are no TUPE issues to be considered.

9.0 Risk Management

- 9.1 Failure to re-procure a new contract for these supplies by end January 2014 would potentially breach Public Contract Regulations 2006 and the Councils Finance and Contract Procedure Rules.

10.0 Background

- 10.1 Cheshire East Council (CEC) currently spends circa £200,000 per annum on Paper, Stationery and Print Consumables.
- 10.2 There are currently two separate contracts in place, one is for general Stationery supplies, (Office Depot) and the other is for Print Consumables, (Supplies Team). Both of these contracts expire 31st January 2014.
- 10.3 It is proposed a new contract term be procured for a period of two years with two extension periods both of 12 months, i.e from 1st February 2014 until 31st January 2016 with possible extensions until 31st January 2017 and 31st January 2018 respectively.” In total the proposed contract value is estimated to be in the region of £800,000.
- 10.4 Where product differentiation is limited price becomes the most significantly achievable benefit. As these markets respond to volume and are price not quality sensitive, the aggregation of print consumables and stationery is logical and providers on the framework can supply both commodity groups.

- 10.5 Where the value of any contract is above the EU threshold for supplies/services of £173,934, public sector bodies either have to openly advertise their requirements in Europe or are able to utilise Public Sector collaborative Frameworks, where they are suitable and compliant.
- 10.6 The Corporate Procurement Unit have researched the procurement options available for the re-procurement of Office Supplies. The most expedient, cost effective route is to utilise a public sector framework and the most appropriate route is to undertake a mini competition using the Government Procurement Service (GPS) framework for Office Supplies RM781.
- 10.7 This will ensure that a compliant contract can be awarded and the necessary back office functions, (i.e. electronic catalogues) be put in place prior to the expiry of the current contracts. This particular framework offers the facility to run an e-auction for the core products required helping to further securing value for money; this will be conducted as a free of charge service by GPS.
- 10.8 Recent e-auctions of stationery and office suppliers have produced high levels of savings mainly due to aggressive competition between the dominant market players bidding to retain market share in a slowly reducing market place.
- 10.9 The existing stationery provision shares an electronic market place with previous bid partners including the DVLA; therefore a range rationalisation and variety reduction exercise will be conducted prior to auctioning. We shall also seek to ensure we have our own bespoke e-market place allowing the continual use of the existing non-core catalogue approval process.
- 10.10 Stationery and print consumables markets respond to volume as buying power and stock rotation are important; this means it is likely to result in significantly lower prices if procured in this way.
- 10.11 Whilst it is anticipated that significant savings from this procurement exercise will be realised there is potential for further savings simply by the Council consuming less. For example, the resurrection of the "Think Twice" initiative, a moratorium on spending in this area or the introduction of centralised supply units might be beneficial in reducing spend on stationery whilst a defined commitment to achieving the "paperless office" could significantly reduce paper usage.
- 10.12 It is recognised that such initiatives will require a culture shift and that this will not be achieved overnight but it is anticipated that if such measures are introduced now the scale of spend in this area might be significantly less by the time the contract for stationery and print consumables is reviewed i.e. January 2016.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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