

Committee: OPERATIONS
Date: 23 MARCH 2006
Title: REPLACEMENT PHOTOCOPIER
CONTRACT
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Agenda Item

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Summary

The council's Financial Regulations and Standing Orders set out the circumstances when exceptions to requirements of competition apply. The same regulations state that prior to the use of any exception in the Standing Order Relating to Contracts, the appropriate Executive Manager shall arrange for a report to be prepared and submitted for consideration to the appropriate Committee.

The council currently has five photocopiers purchased through an annual lease agreement with CF Asset Finance, which is due to expire on 1 June 2006. Another photocopier was purchased through IKON on a three year annual lease, which is due to expire on 15 September 2006. This report seeks approval for the replacement of all six photocopiers with a four-year contract with Canon UK Limited and for the exception to requirement of competition to be applied.

Recommendations

That the committee approves the replacement of the photocopiers through the Office of Government Commerce framework agreement contract with Canon UK Limited and for the application of the exception to requirement of competition in accordance with Financial Regulations and Standing Orders KK12 (f).

Background Papers

Financial Regulations and Standing Orders
<http://intranet/intranet/official+stuff/financeregswwhole.pdf>

Impact

Communication/Consultation	There are no specific communication or consultation implications contained in this report
Community Safety	There are no specific community safety implications contained in this report
Equalities	There are no specific equalities implications contained in this report

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Finance	Please refer to paragraph 4 of this report
Human Rights	There are no specific human rights implications contained in this report
Legal implications	Please refer to paragraph 5 of this report
Ward-specific impacts	All
Workforce/Workplace	There are no specific workforce/workplace implications contained in this report

Situation

1. The council currently has five photocopiers purchased on a four-year lease through CF Asset Finance. The lease is due to expire on 1 June 2006. Another photocopier was purchased on a three-year lease through IKON, which expires on 15 September 2006. Both contracts need to be renewed.
2. The Office of Government Commerce (OGC) is an independent office of the Treasury and works with public sector organisations to help them improve their efficiency, gain better value for money from their commercial activities and deliver improved success from programmes and projects. OGC's priorities are to support the delivery of: -
 - the public sector's £21.5bn annual efficiency gains by 2007/08
 - £3bn saving by 2007/08 in central Government procurement
 - improvement in the success rate of mission critical projects.
3. OGCbuying.solutions is an Executive Agency of the OGC and offers products and services to the public sector through a number of framework agreements contained in a portfolio catalogue. The agreements cover some 500,000 pre-tendered products and services. Each framework agreement is established through a rigorous procurement process and suppliers have already demonstrated their ability to be the most economically advantageous. An explanatory note about the portfolio catalogue and framework agreements can be found at appendix 1 to this report.
4. One such framework covers office equipment and the supply of photocopiers. Canon UK Limited has an OGCbuying.solutions contract (number A337223/A) through the office equipment framework agreement for the supply of photocopiers. They have provided an estimate for the supply of six replacement photocopiers based on a four-year lease. The estimates are shown in the table below, along with the cost of the current leases. The savings that will be realised with the new leasing arrangement are also shown: -

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Model	Price per annum £	Model	Price per annum £
CF Asset Finance (current)		Canon UK Limited (proposed)	
Ricoh 850	25435.00	Canon IR105+	11860.56
Canon CLC1000	8910.00	Canon CLC3220	12268.72
Canon GP405	360.00	Canon IR4570	1382.36
Minolta	1024.00	Canon 3570	1193.16
Ricoh 250	1424.00	Canon IR3570	1013.60
IKON (current)			
Canon IR6000	4466.76	Canon IR6570	3151.76
Total annual cost			30870.16
1 st year saving			10365.22
Full year saving			10749.60
Life of contract saving			42614.02

5. The council's financial regulations and standing orders, note KK12 of appendix K, explain the exceptions to the requirements of competition. Para (f) to KK12 explains that an exception will apply where procurements are made through or on behalf of any consortium, associated or similar body provided that tenders or quotations are invited and contracts placed in accordance with procedures which are equivalent to these Standing Orders Relating to Contracts and also comply with any national or EU legislation. The Executive Manager (Corporate Governance) has confirmed that the procurement of the replacement photocopiers through the OGCbuying.solutions framework agreement contract with Canon UK Limited falls within KK12 (f). The Executive Manager (Corporate Governance) will ensure that the contract terms and conditions are vetted subject to Operations Committee approving the course of action recommended in this report.
6. The contract will not be affected by the proposed replacement of the council's networked laser printers with multi functional devices. The proposals surrounding this major project will be reported to Operations Committee later this year.

Pay-Offs/Penalties

7. In addition to the budgetary savings detailed at paragraph 4 above, the new contract will also realise significant improvement in the quality of service and ongoing maintenance support arrangements currently being provided.

Risk Analysis

Risk	Likelihood	Impact	Mitigating Actions
The current contract is renewed without change of supplier.	LOW – based on the financial gains to be realised by changing supplier	HIGH – no budgetary savings. Improved maintenance and support arrangements not realised.	Members approve the recommended way forward.

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