

Open Report on behalf of Sophie Reeve, Chief Commercial Officer

Report to:	Pete Moore, Executive Director of Finance and Public Protection
Date:	7 May – 3 June 2019
Subject:	Office Supplies
Decision Reference:	I017888
Key decision?	Yes

Summary:

The Council currently has two contracts covering the purchase of office supplies – a contract for paper with Office Depot, and a contract for general office supplies with Banner. The contracts were originally let in 2011 via ESPO and Crown Commercial Services (CCS) frameworks. The contracts have continued on an annual rolling basis with original pricing still in place. Both requirements need to be re-procured and a review has been undertaken to assess options and recommend a way forward, as below.

This report seeks approval from the Executive Director of Finance and Public Protection to procure a new contract for office supplies.

Recommendation(s):

The Executive Director approves:

- (1) that the contracts for paper and general office supplies are amalgamated, and re-procured as one contract with a 4+2 years duration and the Council awards a contract to Banner through Lot 1 of the Dartford Framework;
- (2) that next day delivery is only used by exception, and the majority of orders are placed on a weekly schedule;
- (3) that the Council continues to purchase the Steinbeis recycled paper;
- (4) that pictures are loaded into BWOn! for the 75 most commonly used items;
- (5) that the need for a punch-out is considered as a requirement within the BWOn! rebuild project.

Alternatives Considered:

1. A benchmarking exercise has been undertaken with a sample of suppliers on various frameworks available to the Council, and against the ESPO catalogue pricing offer. Note that ESPO no longer offer an office supplies framework.
2. Historic volume information of purchases against the core list was used for the exercise to give an accurate reflection of the estimated total cost. This showed that pricing is fairly consistent across all of the frameworks; and that Banner is the most competitive supplier through a framework setup by Dartford Council. The exercise showed that cashable savings (approx. £20,000 p.a.) could be achieved based on a weekly delivery schedule to the Council's current delivery locations.

Reasons for Recommendation:

The framework offered by Dartford Council meets the Council's requirements, is compliant with the Council's procurement obligations, and provides the best value for money for the Council.

1. Background

- 1.1 The Council currently has two contracts covering the purchase of office supplies – a contract for paper with Office Depot, and a contract for general office supplies with Banner. The contracts were originally let in 2011 via ESPO and Crown Commercial Services (CCS) frameworks. The contracts have continued on an annual rolling basis with original pricing still in place. Both requirements need to be re-procured and a review has been undertaken to assess options and recommend a way forward, as below.
- 1.2 At the time of the original procurement the paper price available through the Banner office supplies contract was not competitive, and a better price was achieved through the separate Office Depot contract resulting in savings of £30k - £40k each year. This is why there are 2 contracts in place. Notable contract savings were not expected this time around, with any cost reductions coming through demand management strategies such as reduced deliveries to Council premises.
- 1.3 The total spend for 17/18 across the two contracts was £107,650 (office supplies) and £65,315 (paper). The current spend on office supplies for April 2018 – February 2019 is £89,700, and for the same period the spend on paper is £40,700, the extrapolated full aggregated year spend is £142,255 which is fairly consistent with the previous year spend. Both contracts operate through the use of a core list with requests for items that are "off core" going through a technical product approval process in BWOn! currently administered by the Commercial Team. This reduces the ordering variability for similar items and helps the Council to realise the benefits of ordering increased volumes of lower cost items.

BENCHMARKING

- 1.4A benchmarking exercise has been undertaken with a sample of suppliers on the various frameworks available to the Council, and against the ESPO catalogue pricing offer. Note that ESPO no longer offer an office supplies framework.
- 1.5 Historic volume information of purchases against the core list was used for the exercise to give an accurate reflection of the estimated total cost. This showed that pricing is fairly consistent across all of the frameworks; and that Banner is the most competitive supplier through a framework setup by Dartford Council. The exercise showed that cashable savings (approx. £20,000 p.a.) could be achieved based on a weekly delivery schedule to the Council's current delivery locations.

ESPO

- 1.6 As a founding member of ESPO the Council receives a rebate from spend passed through their catalogue and their top 10 frameworks. ESPO no longer have an office supplies framework so any potential rebate for office suppliers would be calculated in respect of sales against their catalogue.
- 1.7 Whilst it has not been possible to calculate the exact figure, discussions with ESPO have shown that putting the Council's office supplies spend through the catalogue would have a minimal impact on the overall rebate received (c. £1-2K), but due to the pricing strategy of the ESPO catalogue would cost the Council c. £60K more a year than the Dartford Council framework.

CONTRACT STRATEGY

- 1.8 As stated previously, the contracts were originally separated to ensure that maximum savings were achieved. However, the pricing of paper has become more competitive within the office supplies framework which now makes amalgamation of the contracts a realistic proposition. Having the contracts with two separate suppliers creates a duplication of work for requisitioners and an additional contract management overhead. Procuring a single contract will therefore create a small operational benefit. Given that this will be a volume based contract, the Council's requirement for office supplies is unlikely to reduce over the medium term, and prices are fairly static for the Council's requirements, it is recommended that the contract is for a duration of 4+2 years.
- 1.9 Using the Dartford Framework would meet all of the Council's procurement obligations, and is in alignment with the Council's procurement strategy which is to make good use of existing framework arrangements which lever local authority purchasing power to the Council's advantage whilst avoiding the cost of bespoke procurement. The Dartford Framework Lot for office supplies allows a compliant direct award to a single supplier meaning no procurement process is necessary. Fortunately the supplier is Banner, the

Council's incumbent for office supplies, which means any transition arrangements would be minimal.

ORDERING AND DELIVERY

Orders are currently placed by requisitioners through BWOOn! using a product catalogue. Feedback from requisitioners show that this is not the ideal solution as descriptions on the catalogue can be misleading and there are no pictures to confirm what is being ordered. Punch-out is the Agresso Finance Team's preferred option but due to the upgrades to BWOOn! there is no internal resource to implement this until September 2020. As an interim solution it is recommended that approx. 75 pictures are added to the product catalogue for the most commonly ordered items to aid with the ordering process.

- 1.10 Delivery efficiency is also a concern and anecdotal evidence shows that deliveries are made to the same towns on a daily basis to different operational units incurring additional cost. Currently both suppliers operate a next day delivery service but they have both stated that a reduced delivery schedule would reduce costs and Banner has been asked to price on a weekly delivery basis. In order to secure these benefits it is recommended that a weekly delivery schedule is implemented, and enforced. This can be accommodated by the supplier, who can hold and batch orders until a pre-agreed weekly release date. The Business Support Team will be responsible for the management of the new contract, and will also be responsible for working with the supplier to enforce the recommended weekly delivery schedule which they believe is adequate and less resource intensive for them to manage.

PAPER

- 1.11 The Council currently uses Steinbeis unbleached paper with no virgin fibres which is accredited to EcoLabel standards. This paper, while not brilliant white in appearance, saves 7.5kg of wood pulp, 19.3kwh of energy, 107.8 litres of water and 1.6kg of CO2 emissions per 1 ream of paper (500 sheets). As this paper is manufactured from 100% recovered paper it is also one of the lowest cost options and is used by DWP, DofE, and HMRC. Due to the sustainability credentials and low cost it is recommended that the Council continues to buy this paper.

SCHOOLS

- 1.12 Whilst schools have a requirement for office supplies, the order volumes are minimal and many schools combine their office supplies orders with their requirements for classroom resources (such as scissors, glue, paint, etc.) where they have significant spend through the ESPO catalogue. This spend is out of scope of this procurement as schools will continue to use the ESPO catalogue for their school supplies as these are not available through any other frameworks, and it is easier for them to add a few items of office supplies to those orders when needed.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

The Equality Act requirements have been considered but there are not considered to be any equality impacts of the proposed decision.

Joint Strategic Needs Analysis (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision

The JSNA requirements have been considered but there are not considered to be any impacts of the proposed decision.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

Section 17 of the Crime and Disorder Act 1998 requirements have been considered but there are not considered to be any impacts of the proposed decision.

3. Conclusion

The framework offered by Dartford Council meets the Council's requirements, is compliant with the Council's procurement obligations, and provides the best value for money for the Council.

4. Legal Comments:

The Council has power to enter into the contract proposed. The recommendation is consistent with the Council's procurement obligations as set out in the Report. The decision is consistent with the Policy Framework and within the remit of the Executive Director.

5. Resource Comments:

The recommendations in the report will secure the best value for money and lead to more efficient procurement and ordering processes. The cost of office supplies will continue to be met from services' existing revenue budgets.

6. Consultation

a) Has Local Member Been Consulted?

N/A

b) Has Executive Councillor Been Consulted?

N/A

c) Scrutiny Comments

This report is due to be considered by the Overview and Scrutiny Management Board at its meeting on 25 April 2019. Any comments of the Board will be reported to the Executive Director of Finance and Public Protection prior to the taking of the decisions.

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

See the body of the report.

7. Background Papers

No Background papers within the meaning of section 100D of the Local Government Act 1972 were used in the preparation of this Report.

This report was written by Alex Botten, who can be contacted on 01522 554258 or alex.botten@lincolnshire.gov.uk.

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