

SCOTTISH POLICE
AUTHORITY

Meeting	Public SPA Board Meeting
Date	25 August 2016
Location	Stirling Court Hotel, Stirling
Title of Paper	Contract Award Recommendation Report: Multi-Functional Devices and Associated Services
Item Number	12.1
Presented By	Gordon Downie, Head of Commercial Strategy & Procurement, Police Scotland
Recommendation to Members	For Approval
Appendix Attached:	NO

PURPOSE

This paper is presented in accordance with the Scottish Police Authority Scheme of Administration between the SPA and Police Scotland, Section 6.0, and the Police Scotland Standing Orders Relating to Contracts.

Following approval from the SPA Finance and Investment Committee on 9 August 2016 for this paper to be submitted to the full SPA Board, this report is submitted in order to seek SPA Board approval to award a contract for the provision of Refurbished Multi-Functional Devices and Associated Services (ITT Ref: PROC-15-0053)

1. BACKGROUND

- 1.1 Police Scotland ICT provides services for Scottish Policing, maintaining the ICT requirements of Police Scotland and SPA. Police Scotland ICT works to a strategy that supports the vision of common systems running on a common infrastructure to deliver services across Scotland as well as supporting services locally within the wider Police Scotland areas.
- 1.2 In 2011 the Scottish Police Services Authority entered into a contract for a period of five years with the express intention of procuring an imaging and printing solution for use across the eight Scottish Police Forces as they were at that time. All but one (Tayside) of the legacy forces utilised this contract, meaning the majority of locations throughout Scottish Policing are currently covered by a single contract that is due to expire on 30 November 2016.
- 1.3 There are currently 698 Multi-Functional Devices in use across Scotland under the current contract, all of which use the Safecom Software for "Pull Printing" and user tracking. There are a further 36 devices, mainly within the legacy Tayside area giving a total estate of 734. The current contract estate is comprised of 36% (252) Police Scotland owned devices and 64% (446) leased devices. It has been established that 53% of the existing estate is less than 3 years old. The majority of these ones are leased devices. Furthermore, Police Scotland currently has in the region of 1500 standalone networked printers that are used as well as Multi-Functional devices.
- 1.4 The leased devices are provided in the form of a managed print service including the cost of rental, infrastructure cost per copy and support cost per copy inclusive of all toner and replacement parts etc. The Police Scotland owned devices include the overall cost per copy inclusive of support and toner replacement etc.
- 1.5 It was anticipated, based on the actual average usage that the current contracted volumes are too high and could therefore be decreased.
- 1.6 As the existing five year agreement is reaching expiry at the end of November 2016 a tender exercise has been carried out in order to establish a new two year agreement, utilising a refurbished Multi-Functional Device solution. The scope of requirements are inclusive of devices for legacy Tayside, however with device uptake being

optional, dependant on conclusion of current separate contractual arrangements in this area.

- 1.7 There are a number of key factors supporting the rationale for the use of Re-furbished devices and a two year contract term. Firstly there is currently no complete force wide strategic direction in respect of overall imaging and printing meaning a longer term commitment was currently unadvisable. Secondly, given the owned / leased device mix, the under usage compared to the existing contracted volumes and the age profile, it is considered that the existing estate of devices has been underutilised. It is seen therefore that the majority of devices are still in serviceable, economically viable condition and have useful lifetime remaining in which they could continue to be utilised. Finally, it was expected that the use of refurbished devices in these circumstances – even if some current devices had to be replaced with newly refurbished devices - could realise substantial savings for the Force, whilst also ensuring minimal disruption.
- 1.8 The following phased approach is proposed for the contract; Phase 1 – Refurb or replacement with ‘new refurb’ MFD devices of the existing estate covered by current single contract; Phase 2 – Optional replacement of Tayside devices with ‘new refurb’ MFD devices; Phase 3 – Optional rationalisation of existing standalone printers including possible introduction of additional ‘new refurb’ MFD Devices or further uptake / redeployment of existing devices.
- 1.9 The specification for the requirements were created utilising a generic output based specification of requirements ensuring that it was non-discriminatory and open for proposals based on any technologies capable of satisfying the required output . The tender was issued in a manner consistent with our standard practice and allows us to seek best value at the same time as maintaining compliance with the Procurement Regulations.
- 1.10 A Further Competition was carried out via the Crescent Purchasing Consortium (CPC) Framework for MFD, Reprographic Devices & Associated Print Services (CPC/DU/MFD/01) – Lot 3 Recycled / Refurbished Technologies. This competition was undertaken electronically as deemed appropriate under the specific Framework being used.
- 1.11 Both suppliers (The Danwood Group and Ricoh) within Lot 3 of the Framework were invited to respond to the Invitation to Tender (ITT). One supplier, The Danwood Group responded to this ITT. The

response was checked for compliance with the Terms of the ITT and progressed through for formal evaluation.

- 1.12 The offer was evaluated by an evaluation team consisting Procurement Officers and ICT Technical staff to identify the most economically advantageous tender in accordance with the award criteria detailed in the ITT.

Overall Evaluation Criteria	
Criteria	Weighting
Lifecycle Costs	40%
Fitness for Purpose Including Quality	25%
Lifecycle Management Services	30%
Environmental Efficiencies	5%
	100%

Lifecycle Costs Sub Criteria	
Criteria	Weighting
Contract Costs – Appendix C	80%
Costs for Additional Devices	20%
	100%

Fitness for Purpose Including Quality Sub Criteria	
Criteria	Weighting
Requirements of Existing Estate & Additional Devices	10%
Transition / Rollout Plan	5%
Management Tools, metrics and Reporting Capability	10%
Workflow & Productivity	2.5%
Security	10%
Device Requirements	7.5%
Pull Printing	7.5%
Managed Print Services	10%
Audit Services	5%
Media Retention	2.5%
Balanced Fleet Deployment	5%
Software Support & Upgrade	5%
Maintenance & Support / Availability	15%
Installation / Refurb & Delivery Process	5%
	100%

Lifecycle Management Services Sub Criteria	
Criteria	Weighting
Training	5
Lifetime Contract Performance	75%
Exit Plans	20%
	100%

1.13 The overall weighting of the Award Criteria represents a 60% / 40% split between Quality and Price respectively. The Framework guidance has no mandatory weightings and allows you to apportion an appropriate weighting to your criteria in order to achieve best value for the specific requirement. The framework suggests the original criteria utilised for the framework creation as guidance.

1.14 The Scottish Government recommends within the Scottish Procurement Directorate Toolkit that for a strategic procurement of

this value where specifications may be complex, that the suggested price to quality ratio could be apportioned in this manner.

- 1.15 In this instance it was felt that the weightings given to each criterion would allow for Best Value to be achieved. It was expected any costs submitted from multiple bids may be fairly similar therefore proportionate emphasis was placed on what proposed benefits could be provided by suppliers as value added services in order to drive further value.
- 1.16 There were no physical samples required or evaluated as part of the tender process.
- 1.17 Supplier visits were not necessary for this procurement.

2. FURTHER DETAIL ON THE REPORT TOPIC

- 2.1 The firm who submitted a compliant bid, was evaluated in accordance with the published award criteria as detailed at 1.12 above.
- 2.2 The overall score for the Tenderer is calculated by the addition of the weighted score for each element of the award criteria.
- 2.3 Although only one offer was received. It exceeded a score of 70 which was stated as being the point at which offers would be required to score greater than to be successful in the event of a sole offer situation. In comparison to the existing contract costs, the offer provides significant savings, therefore the offer from Danwood Group represents an economically advantageous tender in respect of the Multi-Functional Device requirements. Further details of savings are detailed below.

Firm Name	Score	Value of Offer (Ex VAT)
Danwood Group	79.13	£1,613,415.32

No other firm submitted a compliant bid.

3. FINANCIAL IMPLICATIONS

- 3.1 The initial contract award is for a period of two years. The contract will be charged on the basis of an overall cost per copy print for the contracted volumes, inclusive of all infrastructure costs, support costs and replacement parts and consumables etc. Payments will be made for the contracted quarterly volumes in arrears to a third party leasing company. Actual volumes used are then reconciled at the end of each quarter which may result in a credit for any under usage or an invoice for over usage. Any such credit or invoice would be received from Danwood Group and not the third party leasing company. The Authority will have the ability to call off further devices, volumes and services and support if required throughout the duration of the agreement. There is also a third year optional extension in the contract should that be deemed appropriate at the end of the initial term. The initial contract cost for authorisation will be £1,613,415.32. This consists of four quarterly payments per annum of £201,676.92 over a two year period. It should be noted that this figure is inclusive of devices at legacy Tayside being provided through the contract. At contract inception without legacy Tayside and as a like for like against the devices covered by the existing outgoing contract, the quarterly figure equates to £196,023.55 or £1,568,188.40 over two years.
- 3.2 Provision has been made in the Police Scotland ICT budget for these requirements for a period of 2 years. Any further requirements during the contract period or the uptake of the optional third year will require further approval at that time subject to appropriate budget authority.
- 3.3 The proposed contract offers significant savings over its duration. Savings will be achieved through a reduction in the contracted quarterly volumes and a reduction in the actual cost per copy costs when compared to the existing contract.
- 3.4 When considering the preferred savings calculation method 1 of the savings definitions (as presented to the Finance & Investment Committee in November 2013), which is a comparison to the last known price paid, then the proposed contract would save approximately £869,430.66 or £914,657.58 (if no Tayside uptake) over the two year period.
- 3.5 The saving achieved through a reduction in the quarterly volumes equates to £553,246.56 over the two year contract duration. There

are savings derived from the cost per copy cost reduction of £316,184.10

The figures show that the proposed contract would make savings against the existing contract even if the quarterly volumes remained unchanged, due to the reduction in the actual cost per copy to print.

- 3.6 It should be noted that the savings calculated are based on the current MFD estate and volumes utilised. Consideration is being given that there may be a rationalisation of desktop printers across the organisation. A reduction in desktop printers would almost certainly see an increase in volumes utilised through MFDs. Volumes through MFDs would be more cost effective, however a reduction in costs of printing through desktop printers could see the cost of this contract increased if the volumes were to increase accordingly. Ultimately savings would be made by the organisation, though it may impact the stated savings for this contract if volumes are altered from their current position to compensate the reduction in standalone devices.

4. PERSONNEL IMPLICATIONS

- 4.1 There are no personnel implications associated with this paper.

5. LEGAL IMPLICATIONS

- 5.1 This procurement was performed in compliance with The Public Contracts (Scotland) Regulations 2015 and the Police and Fire Reform (Scotland) Act 2012.
- 5.2 The Terms and Conditions of the Crescent Purchasing Consortium Framework apply to the provision of the contract and therefore there are no further legal implications in respect of Terms and Conditions.

6. REPUTATIONAL IMPLICATIONS

- 6.1 Failure for the Scottish Police Authority to have a contract in place for Multi-Functional Devices could lead to reputational damage for the organisation from a number of perspectives.

Without the required Imaging and Printing facilities, the Authority would not be able to print, scan, copy or fax any relevant documentation. This would place the Authority in a situation where

it could not operate to an effective capacity and would leave Police Scotland unable to fulfil its obligations for operational policing.

This would have undoubted reputational damage to Police Scotland and the Scottish Police Authority. Ultimately the public would suffer from a lack of service, which in turn would lead to lower confidence in Police Scotland and the Scottish Police Authority.

7. SOCIAL IMPLICATIONS

7.1 There are no social implications associated with this paper.

8. COMMUNITY IMPACT

8.1 There are no community implications associated with this paper.

9. EQUALITIES IMPLICATIONS

9.1 There are no equality implications associated with this paper.

10. ENVIRONMENT IMPLICATIONS

10.1 The suppliers within the Crescent Purchasing Consortium Framework were required to fulfil environmental and sustainability requirements as part of the original procurement exercise.

10.2 The terms and conditions of the Framework state that suppliers are required to comply in all material aspects of all applicable environmental laws in relation to the ordered IT products.

10.3 In respect of sustainability the supplier warrants that they have a sound environmental policy and warrants that they have ISO 14000/14001 certification for its environmental management and shall comply with and maintain such certification requirements.

Furthermore, five percent of the overall available evaluation criteria issued under the tender was dedicated to compliance with Environmental standards. Danwood Group has also set a target to reduce its carbon footprint by 3% by September 2018.

RECOMMENDATIONS

Members of the Scottish Police Authority Board Open Session are invited to:

Approve the award of the Contract in respect of the Provision of Multi-Functional Devices and Associated Services to Danwood Group for the commitment of £1,613,415.32 (ex VAT).

i) Subject to approval from SPA, and as part of service provision to the Authority by police staff permitted under section 83 (2) of the Police and Fire Reform (Scotland) Act 2012, to instruct Procurement staff within Police Scotland to prepare contract documentation for the contract period, to present this documentation for review and signature by the Accountable Officer and subsequently issue on behalf of the Authority.