

Cabinet Member for Finance and Resources

Procurement for the Provision Of Stationery And Computer Consumables

Executive Director Business Services

Ref No. FR04 (09/10)
Key Decision: Yes
Part I
Electoral Division(s): N/A

Executive Summary

Within the last 18 months the market costs of stationery and computer consumables has seen considerable price increases in the UK with the value of the pound falling against the Euro being the most contributing factor. Extensive negotiations by West Sussex County Council (WSSCC) Procurement Officers have taken place over the last two months in order for the Sussex Stationery Consortia (SSC) to withstand price increase requests of up to 30% from the three suppliers.

The purpose of this report is to seek approval for West Sussex County Council to join the Central Buying Consortium (CBC) contract for the provision of stationery and computer consumables, to replace the existing contract arrangements that currently expire on 30th September 2009.

Recommendations

1. That the Cabinet Member approves West Sussex County Council joining the Central Buying Consortium contract, as soon as practicable, and no later than the 1st October 2009.
2. West Sussex County Council hands over the contract and lead authority status of the Sussex Stationery Consortium to Brighton & Hove City Council with immediate effect.

1. Background

- 1.1 West Sussex County Council (WSSCC) has been the lead Authority for the Sussex Stationery Consortium (SSC) that has 16 members and consists of all local authorities within East and West Sussex for a number of years. As lead authority WSSCC undertook the procurement for the current contract and manages the contractual arrangements that operate as a framework agreement with three suppliers on the framework (Supplies Team, Office Depot and QC Supplies) on behalf of the SSC.
- 1.2 The current contract was awarded for 2 years from the 1st October 2006 with the option to extend for two periods of 12 months each. The contract has been extended for one 12 month period and could therefore be extended for another 12 months to the 31st September 2010.
- 1.3 However, in January 2009 Procurement Support undertook a review of the current contractual arrangements and the future options available to WSSCC. The options considered included continuing with the existing contract for another 12 months under the SSC, for WSSCC to go out to tender on behalf of the SSC for a new contract, or to join a larger consortium such as the CBC.

2. Discussion

- 2.1 Within the last 18 months the market costs of stationery and computer consumables has seen considerable price increases in the UK, with the value of the pound falling against the Euro being the most contributing factor. Lengthy negotiations by WSCC procurement officers have taken place over the last two months in order for the SSC to withstand price increase requests of up to 30% from the three suppliers.
- 2.2 WSCC had historically used all three suppliers on the framework for its stationery and computer consumables. However in May 2009 the Executive Director Business Services approved WSCC moving to a single supplier model with Supplies Team. As a result of moving to this model WSCC negotiated fixed prices with Supplies Team to the end of September 2009 that were much lower than the increases requested by the 3 suppliers for the SSC. The requested increases were in the region of 20 to 30%.
- 2.3 Based on these requested price increases and the preference expressed by SSC members to extend the current framework for another 12 month period, (that it was considered was not in the interests of WSCC), Procurement Support investigated alternatives to the SSC arrangement.
- 2.4.1 Further to the options detailed in 1.2 above it was decided to adopt the option of joining a larger consortium than the SSC to benefit from the economies of scale and provide best value for money and savings for WSCC.
- 2.4.2 At this time the CBC a consortium of 17 authorities (of which WSCC is a member) was undertaking a procurement process for the supply of stationery and computer consumables and the lead authority was Coventry City Council (CCC) CBC protocol required them to undertake the tender process and award the contracts on behalf of its members.
- 2.5 The CBC Contracts were awarded in June 2009 as a framework agreement for a 'One Stop Shop' which combines stationery and computer consumables. The suppliers invited onto the four-year framework were Supplies Team, Lyreco, and Banner. Supplies Team submitted the highest scoring tender therefore it was agreed that they would receive all orders from each participating authority within the CBC for the first year.
- 2.6 A benchmarking exercise compared WSCC current prices against the new CBC contract pricing. This identified a 0.4% increase on WSCC's spend on the core products purchased but does not take into account the proposed 20-30% price increases on certain products, as indicated in 2.2 above for the SSC contract.
- 2.7 In order to maintain competitive pricing, CCC included in the contractual arrangements the opportunity to go out to mini competition on an annual basis, throughout the four years of the CBC contract.
- 2.8 By joining the CBC contract WSCC will be able to:
 - maintain a reliable 'best value' source of supply of Stationery and Computer Consumables

- create a schedule of requirements, to form the basis of the next price review with the CBC
- review the core list of items to ensure the best environmental options are available to end users
- help identify and reduce 'maverick spend' in this area
- maintain good practices with having one supplier for these goods
- reduce WSCC's procurement resources in contract management, by removing the SSC contract and allowing CCC to manage the overall contract with the suppliers
- SSC members will be able to utilise the CBC contractual arrangements via WSCC at the end of the life of the SSC contract arrangements.

2.9 It has been agreed by the SSC that should WSCC transfer from the SSC contract arrangements to the CBC and the SSC take the option of another year's extension, WSCC will hand over lead authority status of the SSC, to Brighton & Hove City Council (BHCC), from the 1st October 2009. This would considerably reduce WSCC Procurement's resources needed to manage the stationery and computer consumables contract and enable Procurement Support to undertake other value added procurement activity for the County Council.

2.10 As part of the SSC agreement WSCC currently receives a rebate of 1% of each authority's overall spend as the lead authority. BHCC will subsequently receive this income as the lead authority.

3. **Proposals**

3.1 It is recommended that approval be granted for WSCC to join the CBC contract commencing on 1st October 2009.

3.2 West Sussex County Council to hand over the lead authority of the SSC to BHCC, to allow Procurement Support to concentrate their expertise on additional contracts.

4. **Consultation**

4.1 Stakeholders included in the development in this strategy were the members of the CBC, members of the SSC. Representative colleagues within WSCC who purchase stationery were consulted and they included the stationery user groups who were consulted and endorsed the move to a single supplier for stationery and computer consumables that was endorsed by the Executive Director Business Services in May this year.

5. **Resource Implications and Value for Money**

5.1 There is no capital cost involved with making the recommended changes and it is considered these changes will contribute to:

- the councils objective of reducing spend,
- delivering value for money,
- improving the effectiveness of the contract and internal efficiencies,
- decreasing the environmental impact of WSCC, by using a single supplier, that should lead to a reduction in business miles travelled by

delivery vehicles, reducing product lines available and increasing the order values,

- decreasing the man hours in contract management by WSCC Procurement as this will be managed by Coventry City Council,
- eliminating the cost to WSCC of a new tender process.

5.2 The business benefits are attached as an appendix to this report. Details of this appendix are available to members of the Council only in Part II appendix, by virtue of Paragraph 3 Schedule 12A Local Government Act 1972; information relating to the financial or business affairs of any particular person (including the authority holding that information).

6. Risk Management Implications

6.1 Compliance with the use of a single supplier as Purchasing Officers sometimes seek to buy lower priced products from alternative suppliers without considering the costs of undertaking this activity. Therefore close management of the spend on stationery and computer consumables is required and the communication of the benefits of the new contractual arrangements to WSCC is essential to mitigate this risk. Supplies Team have agreed to provide additional training and support as part of the communication of the new arrangements.

6.2 As the CBC contract has been awarded as a framework contract. Supply could still be maintained if the chosen supplier (Supplies Team) were unable to fulfil the contract, as two other suppliers would be able to supply WSCC at comparable cost and quality at short notice. The framework agreement allows for mini-competitions at the end of each contract year amongst the 3 suppliers appointed to the framework. The mini-competitions will be run based on the price of the products, with no technical scoring.

7. Customer Focus Appraisal

7.1 The CFA team have advised that this is not required.

8. Crime and Disorder Act Implications

Not applicable

9. Human Rights Act Implications

Not applicable

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