

## **Cabinet – 8 June 2011**

### **Award of Contracts for the provision of Stationery Services**

**Portfolio:** Councillor Arif - Business Support Services

**Service:** Shared Services & Procurement

**Wards:** All

**Key decision:** Yes

**Forward plan:** Yes

#### **1. Summary of report**

The Council is currently using a framework agreement to buy stationery, paper and computer consumable products including printer ink. This framework has been in place for over 3 years and is nearing its full term. To ensure that the Council is still receiving the best price and service, a benchmarking exercise is being undertaken to take into account all of the council's planned needs.

Following the review, the procurement service will retender and award the contract to one or a number of suppliers or purchasing organisations.

#### **2. Recommendations**

Cabinet are asked to:-

- 2.1 Approve the award of the Office Stationery Contract, following a stringent benchmarking and tender process.
- 2.2 Delegate authority to the Executive Director Resources, in consultation with the portfolio holder, to undertake the necessary arrangements to award contracts to ensure continuity of supply.

#### **3. Background information**

The current framework for office stationery has been in place for over 3 years following a previous benchmarking exercise and has assisted the council by delivering annual savings of over £120,000 through the rates offered. In addition the use of generic products rather than brand specific items, has been actively encouraged as these items are cheaper attracting a higher discount. It is proposed that this will be further developed through the new framework rationalising the number of items available to deliver further savings.

The contract offers a wide range of products and a service that includes next day desk top delivery which avoids the need for local stationery stores which is inefficient and tie up resources.

The use of electronic purchasing through the Oracle system has been an area where significant progress has been made. Improvements in the use of Oracle have seen the number of transactions being processed increase from 23% to over 70% and these have been implemented through devolved purchasing rather than the previous centralised team. The purchasing of office supplies involves large numbers of low value transactions which can be highly resource intensive both from the council and supplier perspective. To provide efficiency savings procedures have been developed in conjunction with the current supplier, using purchasing cards, to streamline activity and take out some 5,000 invoice payments which has supported the savings delivered through Finance Direct.

- 3.1 The benchmarking exercise will review;
- whether the anticipated value was gained from the current arrangement
  - the variances and quantities of the products purchased and opportunities for rationalisation
  - the opportunity to use a number of specialist providers
  - more effective ways of purchasing with other authorities or purchasing organisations
  - the opportunity to use local rather than national suppliers

#### **4. Resource considerations**

- 4.1 **Financial:** Total spend on office products throughout the current 3 year arrangement with the supplier is approximately £885,000 per year.

The initial reviews of available frameworks have identified that savings can be made. The new framework will seek to realise these savings through individual product cost savings and rationalisation of the products available to officers.

- 4.2 **Legal:** EU legislation and the council's contract rules will be complied with throughout the benchmarking and award process.
- 4.3 **Staffing:** There will be a dedicated procurement resource to lead the project. The key business owner of the contract and the supplier manager will be the Head of Shared Services

#### **5. Citizen impact**

None

## 6. Community safety

Quality assurance is built into the contract to ensure that the all services are fully compliant with all current, health and safety regulations to protect the end consumers and their safety.

## 7. Environmental impact

There is an environmental impact due to the nature of the contract. All potential suppliers offer environmental alternatives to many of their catalogue products. There are also initiatives that can be reviewed and utilised regarding packaging and delivery and so having an impact on both their and our carbon footprint.

## 8. Performance and risk management issues

8.1 **Risk:** The risk to this contract is to not sustain the continuity of supply and the potential to have increased financial costs to ensure this.

8.2 **Performance management:** Performance management is built into the contract management element of the tender documentation, to enable procurement to monitor the contract to ensure that it continues to meet the required objectives. The appropriate levels of risk and indemnity will be required and evaluated within the tender submissions.

## 9. Equality implications

None

## 10. Consultation

The options being reviewed are framework contracts, which are by their very nature collaborative contracts. This review is also being undertaken in partnership with Wolverhampton City Council.

## Background papers

None

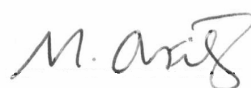
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26 May 2011

