

## London Borough of Hammersmith & Fulham

**Report to:** Strategic Director for Finance and Governance

**Date:** 5 February 2020

**Subject:** **APPROVAL TO AWARD A CORPORATE STATIONERY CONTRACT**

**Report of:** Geoff Sorrell, Contracts and Procurement Officer

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### Summary

This report seeks approval to approve the award of a stationery, paper and office equipment contract to Staples (UK) Limited as a call of from a framework created by LB Havering. In accordance with the new Contracts Standing Orders, the report is submitted for approval to the Strategic Director for Finance and Governance in consultation with the Cabinet Member for Finance and Commercial Services.

### Recommendations

1. That appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
  2. To award a contract to Staples UK Ltd for the supply of office stationery including photocopy paper, equipment, educational and electronic for a four-year period, commencing on 15 January 2019, for the total cost of £400,000.
  3. That, in line with the H&F Climate Change Agenda, only recycled paper will be made available for purchase by council staff.
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**Wards Affected:** None

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### H&F Priorities

Please state how the outcome will contribute to our priorities – delete those priorities which are not appropriate

<b>Our Priorities</b>	<b>Summary of how this report aligns to the H&amp;F Priorities</b>
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• Building shared prosperity	Not applicable
• Creating a compassionate council	Not applicable
• Doing things with local residents, not to them	Staples UK Ltd has a track record of implementing schemes to provide student development events at local schools, sending senior managers to coach students by providing mock interviews. Among other things this prompts the students to consider their core strengths and plans for the future
• Being ruthlessly financially efficient	The framework has been competitively tendered by LB Havering and awarded on the basis of lowest price.
• Taking pride in H&F	Not applicable

### **Financial Impact**

The overall contracted spend on stationery at LBHF is around £80,000 per annum, with additional non-contracted spend of £20,000. The budgets for this type of spend are held and managed by departments.

Any cost savings delivered from the reprocurement will therefore be distributed across all departments and shared between the General Fund, HRA and services funded from ringfenced grants (e.g. Public Health Service).

It should also be noted that any estimated cost savings will be dependent on effective demand management by services, such as reduction in printing, when requiring stationery.

### **Legal Implications**

Under the Public Contracts Regulations 2015 ("PCR 2015"), the contract proposed in this report is a contract for Supply. The current threshold for services contracts under the PCR 2015 is £181,302. The value of the Contract is £400,000, which exceeds the existing threshold. As such, the PCR applies in full.

This report recommends the award of a call-off to Staples UK from the single supplier office stationary Framework Agreement procured by the London Borough of Havering (the `Framework`). Paragraph 1 of this report (Detailed Analysis) demonstrates that this Framework has been procured in a manner that is compliant with the PCR 2015.

Regulation 108 of the PCR requires the Council to publish on Contracts Finder, within a reasonable time, the name of the supplier, the date on which the contract was entered into and the value of the contract.

*Implications provided by: Hannah Ismail, Solicitor, Sharpe Pritchard LLP,  
external legal advisers seconded to the Council tel 0207 405 4600.*

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Verified by Emily Hill

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**Background Papers Used in Preparing This Report**

None

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## **DETAILED ANALYSIS**

### **Procurement Process**

1. Given the value of the agreement, the lead authority adhered to the European Procurement Process, an advert was placed in the EU journal making prospective bidders aware of the opportunity. Thereafter the lead authority used the open process and an e auction to finalise the bidder's best commercial offer. It was agreed pre-tender that the opportunity would be evaluated based on 100% price as the service requirements were clearly stated in the schedule of requirements.
2. Bids were received from five companies all of whom passed the supplier questionnaire stage and submitted compliant bids, therefore all were invited to participate in the e auction.
3. Five companies submitted bids, details of these are contained in the exempt Appendix.
4. The e auction was based on a basket of products consisting of a combination of the most frequently purchased products (by all organisations in 2017/18) plus those with the highest individual purchase price
5. The auction resulted in 140 bids being made by bidders, the winning bidder being Staples UK Ltd. Details of the bids received are shown in the exempt Appendix.
6. To ascertain the true savings based on the same items and quantities purchased, a comparison was undertaken between the 2017/18 existing price for the tendered basket and the price following the auction.
7. Details of the outcome of savings achieved on the reserve price via this tender process are shown in the exempt Appendix
8. With the exception of paper, all prices will be fixed for the first two years of the agreement. Due to the wholesale price of paper being subject to constant change, the price of paper will be fixed for six months. Prior to the tender being issued meetings were held with likely bidders as part of a soft market testing exercise, during these meetings all suppliers expressed concerns over the uncertainty of wholesale prices and business costs resulting from uncertainties of the impact of Brexit and the value of sterling.

### **Proposals and Analysis of Options**

9. The existing framework agreement for the supply of office stationery was awarded to Office Depot UK Ltd by the LB of Havering (LBH) who acted as the lead authority on behalf of London authorities and other public bodies.

### **Performance Management**

10. Under the framework agreement, no commitment is made as to the number of orders that are placed. The Council's annual estimated cost is approximately £100,000. The LBH will continue to manage the framework agreement remotely, chairing annual performance review meetings with the supplier and representatives of the London boroughs. Each participating council manages their requirements independently including managing their own contractual/supplier relationships

### **Benefits**

11. The proposal for the Council to call off the four-year framework agreement for the supply of office stationery including photocopy paper, equipment, educational and electronic supplies at a total estimated cost of £400,000 is in line with the Council's procurement approach to collaborate with other Councils and public bodies where there is a clear business case for doing so to drive costs down and improve service delivery. This arrangement will benefit the Council in the following ways:
  - Lower prices achieved through the aggregation of demand across London
  - Shared management arrangements across London
  - Facility for electronic catalogues on its eProcurement system which streamlines ordering, improves controls and supports commitment accounting.
  - A 6% rebate on items which are delivered to a central location for onward distribution by the Council.
12. The proposal to introduce the delivery of stationery to a single point and distributed by cargo bike to final destination will be both help to improve the environment in H&F and also provide a saving on the cost of the stationery.

### **Reasons for Decision**

13. It is necessary to replace the existing contract for the supply of office stationery including photocopy paper, equipment, educational and electronic supplies under a legally compliant agreement. Participating in the framework agreement for the supply of stationery means the Council will continue to benefit from amalgamating its spend with other London authorities, The Bank of England and other public bodies to deliver lower prices, rebates and discounts for ordering supplies through an electronic portal.

### **Consultation**

14. The key consultees were other London authorities and public bodies participating in this framework agreement and appropriate consultation was undertaken by the London Borough of Havering. The London Heads of Procurement were also consulted as part of the exercise.

## **Equality Implications**

There will be no negative impacts on any groups with protected characteristics, under the terms of the Equality Act 2010, as a result of the awarding of this contract. Any key/relevant equalities issues must be included. A completed Equality Impact Assessment must accompany where required.

Implications completed by Peter Smith, head of Policy & Strategy, tel. 020 8753 2206.

## **Risk Management Implications**

The award of the contract presents a low risk to the Council but contributes to the management of financial risk and our Being Ruthlessly Financially Efficient Priority through savings achieved via access to the Procurement Framework.

This is in line with managing our Council's Commercial and Procurement risk to ensure best value services at the lowest cost for our local taxpayers. Part of the consideration of the Tendering was to ensure that operational efficiencies could be gained by the upload of a catalogue to the Council's Finance system.

Implications verified/completed by: Michael Sloniowski, Risk Manager, tel. 020 8753 2587

## **Other Implications - Procurement**

In accordance with Contract Standing Orders (CSOs) 19., the method for selecting potential bidders for tenders in the first instance is to call off from an existing framework agreement where one exists otherwise go out to tender.

The procurement of the contract referred to in this report was carried out in accordance with the council's Contract Standing Orders and the Call-off Protocol of the Framework Agreement.

By collaborating with other councils on joint tendering exercises, councils accessing these agreements achieve savings through greater economies of scale

The outcome of accessing this collaborative agreement will benefit the council for reasons detailed at 1.11 of this report over the four years of the framework. This is in line with the Council's Procurement Strategy

Implications completed by: Joanna Angelides, Procurement Consultant, Tel No. 0208 753 2586

## **Business**

There are no implications for local businesses as an established framework has been used.

Implications verified by: Albená Karameros, Economic Development Team, tel. 020 7938 8583

## **ICT**

There are no IT implications contained within this proposal. The contents of the proposal do not refer to any personal data being held therefore there are no implications under the requirements of the Data Protection Act 2018 (GDPR).

Implications completed by: Karen Barry, Strategic Relationship Manager, tel 020 8753 3481.

## **List of Appendices:**

Exempt Appendix 1 E-Auction results