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|  | <p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">CABINET MEMBER DECISION</p> <p align="center">OCTOBER 2014</p> |
| <p>APPROVAL TO AWARD A STATIONERY CONTRACT TO OFFICE DEPOT FOR FOUR YEARS FROM 3rd NOVEMBER 2014 AT AN ESTIMATED COST OF £400,000</p> | |
| <p>Report of the Cabinet Member for Finance – Councillor Max Schmid</p> | |
| <p>Open report</p> | |
| <p>Classification - For Decision Key Decision: No (Cabinet previously agreed to it being delegated to the Cabinet Member)</p> | |
| <p>Wards Affected: “All”</p> | |
| <p>Accountable Executive Director: Jane West, Executive Director of Finance Services and Corporate Governance</p> | |
| <p>Report Author: (Geoff Sorrell, Corporate Procurement)</p> | <p>Contact Details: Tel: 020 (8753 2583) E-mail: Geoff.sorrell@lbhf.gov.uk</p> |

AUTHORISED BY:

The Cabinet Member has signed this report.
DATE: 24 October 2014.....

1. EXECUTIVE SUMMARY

- 1.1. The Council’s current contract with Office Depot for the supply of office stationery including photocopy paper, equipment, educational and electronic supplies expired on 31st August 2014. The London Borough of Havering on behalf of London authorities has put in place a new 4-year framework agreement which London authorities can call off. The agreement follows a procurement by e-auction representing best value for money for the Council. A decision is sought for the Council to call off this new framework.
- 1.2. In March 2014, in order to expedite matters, Cabinet agreed to delegate authority to the Cabinet Member to award the contract for the supply of

stationery from 1 September 2014 for a four year period to be based upon the proposed tendering exercise undertaken by the London Borough of Havering. Due to unforeseen circumstances, there were delays and the Council has in the interim continued to use the previous provider.

- 1.3. The new framework agreement was awarded to Office Depot Ltd and the estimated cost for four years is £400,000.
- 1.4. The prices that have been agreed with Office Depot are approximately 50% less than previous rates which has been achieved by running this procurement exercise using an e-Auction.

2. RECOMMENDATIONS

To call off the four-year framework agreement awarded by the London Borough of Havering on behalf of London Authorities for the supply of office stationery including photocopy paper, equipment, educational and electronic supplies commencing on 3rd November 2014 at an estimated cost of £.400,000.

3. REASONS FOR DECISION

The current contract for the supply of office stationery including photocopy paper, equipment, educational and electronic supplies has expired. It is therefore necessary to put another contract in place.

Participating in the pan London & Surrey framework agreement for the supply of stationery means the Council will continue to benefit from amalgamating its spend with other London authorities and public bodies to deliver lower prices, rebates and discounts for ordering supplies through an electronic portal.

4. INTRODUCTION AND BACKGROUND

The existing framework agreement for the supply of office stationery was awarded to Office Depot UK Ltd in April 2010 by the LB of Havering (LBH) who acted as the lead authority on behalf of London authorities. This was extended by six months to August 2014 to accommodate a further retendering of a pan London framework agreement and has been held over subsequently. This has now been completed.

Under the framework agreement, no commitment is made as to the number of orders that are placed. The LBH will continue to manage the framework agreement remotely, chairing annual performance review meetings with Office Depot Ltd and representatives of the London boroughs. Each participating council manages their requirements independently including managing their own contractual/supplier relationships.

5. PROPOSAL AND ISSUES

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 particular arrangement will benefit the Council in the following ways:

- Lower prices achieved through the aggregation of demand across London.
- Volume rebates/e-procurement discounts.
- Shared management arrangements across London Facility for electronic catalogues on its eProcurement system which streamlines ordering, improves controls and supports commitment accounting.

6. OPTIONS AND ANALYSIS OF OPTIONS

A number of options were considered including the following:

- a) **Do nothing.** This is not an option because the current contract has expired.
- b) **Go out to tender.** The Council could re-tender the contracts but given the much lower volumes involved is unlikely to secure the same value for money or quality of service.
- c) **Amey the Council's facilities management contractor undertake the procurement of office stationery on our behalf the Council.** Discussions were held with Amey who indicated they were unlikely to match the same value for money or quality of service currently provided under the existing arrangements.
- d) **Participate in the present Crown Commercial Services (CCS) framework agreement that will now terminate in 2015.** Given the shortness of the contract concerned and transition costs involved, the administrative cost of changing supplier would not be economical.
- e) **Participate in the current pan London framework agreement for the supply of office stationery including photocopy paper, equipment, educational and electronic supplies put in place by the LBH:** This represents the best value for money for the Council is legally compliant and is therefore recommended.

7. CONSULTATION

The key consultees was 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.

8. EQUALITY IMPLICATIONS

- 8.1. There are no direct equality implications resulting from the award of this contract.
- 8.2. Implications verified/completed by: Dave Bennett, Acting Head of Change Delivery 020 8753 1628.

9. LEGAL IMPLICATIONS

- 9.1. The procurement process described in this report complies with the Council's Contract Standing Orders. The purchase of these supplies is ancillary to the Council's lawful functions and the recommended option is within the Cabinet Member's delegated responsibility.
- 9.2. Implications verified/completed by: Andre Jaskowiak, Senior Solicitor, Bi-Borough Legal Services. Telephone: 0207 361 2756.

10. FINANCIAL AND RESOURCES IMPLICATIONS

- 10.1. Average annual spend on stationery in H&F in £160K. This new framework has the potential to save H&F £80K per annum. On the actual cost of the stationery being purchased. There will be the continued cost of approximately £20K per annum delivery charge. In the light of these savings, The Director of Finance and Corporate Services supports the recommendations
- 10.2. Implications verified/completed by: Andrew Lord Head of Budget Planning & Monitoring 020 8753 2531.

11. RISK MANAGEMENT

- 11.1. The award of the contract presents a low risk to the Council but contributes to the management of corporate risk number 1 of the Strategic Risk Register, managing budgets.
- 11.2. Implications verified/completed by: Michael Sloniowski, Bi-borough Risk Manager ext 2587.

12. PROCUREMENT AND IT STRATEGY IMPLICATIONS

- 12.1. The comments of the Director of Procurement and IT Strategy, are contained in the body of the report. The report sets out recommendation.

12.2. Implications verified/completed by: (Geoff Sorrell , Corporate Procurement and Contracts Officer 020 8753 2757).

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT

| No. | Description of Background Papers | Name/Ext of holder of file/copy | Department/ Location |
|------------|---|--|-----------------------------|
| 1. | none | | |