

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE – 11TH JANUARY 2006

**Report of the Corporate Support Services Manager
(This matter is the responsibility of Councillor T Hall)**

Replacement Printer

Executive Summary

This report seeks “invest to save” funding of £41,857 to purchase upgraded colour print facilities giving the ability to bring back in-house considerable amounts of printing with savings estimated at £32,000 per year. Additional business of around £10,000 per year is also estimated

1 Introduction

1.1 Demand for full and part colour quality printing requirements over the last 5 years has increased in excess of expectations. The Design team have seamlessly been able to produce work to customer specifications by utilising their skills and employing Apple Mac design software and hardware technology. We have, however, arrived at a situation where the Print team are only able to partially support this work, only producing 30% of this type of design work in house with the remaining print work having to be externally sourced.

1.2 The only full colour resource that has been available to the section is a Sharp digital network copier printer, which prints 16 full colour copies per minute. This machine is now exhausted having been used to its’ maximum capacity by the section producing almost 150,000 colour copies per year. Annual print room internal recharges for work undertaken on this machine amount to nearly £35,000. Over the past 4 years the unit have outsourced printing to the value of £262,775. An average of £65,693 per year.

1.3 Conscious of the need to obtain best value quotations for outsourced work, and to ensure that control of these projects are effectively managed by the section a “print procurement system” was put in place in April 2004. This has proven to be a successful operation, however the cost to the authority of outsourcing is increasing year on year. It is important to understand that we have the personnel abilities to carry out this work in-house, but not the technology. The attached spreadsheet (Appendix 1) details our current outsourced expenditure.

1.4 There are a number of advantages in producing work in house:

- It will allow us to promote a more cost effective print on demand environment

- Customers can be confident of the fact, that their work having been archived, will be available for additional runs of 1 to 2,000 with minimum notice
- Proofs, amendments and updates to documents can be easily carried out at any stage
- Work can be personalised with the recipient's name
- Additional business opportunities can be promoted and exploited – we could look at increasing the number of external customers we currently carry out work for (i.e., not for profit organisations such as CAB, Shelter etc)
- More expenditure would be generated internally. Less “hard cash” transactions would be necessary and staff time and admin costs would be saved on processing invoice payments.
- There are significant potential savings for the authority

2 Way Forward

2.1 Approval was recently received to replace the Sharp Colour Printer with the Xerox Docucolour 3535. This is a significant upgrade in quality, networking resources and speed, but it does not feature the production capabilities to allow us to handle a notable percentage of what is currently out sourced. Following discussions at the recent Managers in-scope workshops it is apparent that services want us to manage their requirements in-house as the service provides flexibility and value for money.

2.2 Further talks identified that for a minimal additional investment over the 5-year period proposed we could upgrade further to “Digital Press Technology” i.e. a fast production full colour printer with on line booklet making facilities, comprehensive networking and variable data capabilities.

2.3 A request is therefore being made to consider the purchase of an alternative to the Docucolour 3535 proposed. Docucolour 250 is a newly launched “Starter” Digital Press and offers production grade technology for colour copy/prints. Duplex A3 and A4 full colour copies are produced at a speed of 50 per minute (64 black & white) and the machine will handle paper stocks up to 300gsm.

2.4 A full financial breakdown is given at Appendix 2, The finances involved in procuring this machine are shown as follows:

Purchase:

Purchase price: £41,857.

All servicing, labour and toner costs met by cost per copy quarterly billing at 6 pence per A3/A4 colour copy, 0.65 pence per A3/A4 mono copy. (If we doubled our colour production output to 300,000 copies this would equate to a recharge of £18,000 per year).

In addition support charge for the Fiery network controller is £250 per quarter. In summary: An initial outlay of £41,857 and then annual costs of £19,000.

Lease:

3 year lease option at £3,688.44 per quarter.
Equates to £14,753.76 per year.
A total of £44,261.28 over a 3 year lease.
Servicing, labour, toner and Fiery support costs, as detailed above.
In summary: Annual costs of £33,753.76

In addition to the above an online Booklet Maker would be required.

Purchase price: £1,782. 3 year lease option at £157.03 per quarter. (£1,884 total lease cost)

Please note also available is the Docucolour 240 with the same specification delivering colour prints at the speed of 40 per minute – details of this, together with the machine already approved, is also shown in Appendix 2.

Over 5 years the Docucolour 250 will cost £11,822 more than the previously agreed Docucolour 3535, but has the added advantage of generating savings.

2.5 The Council's Financial Services Unit have appraised the various funding options for this potential capital investment and this shows the taking into account the capital cost and the expected volumes of work which will be undertaken that outright purchase is the cheaper option. A copy of the full financial appraisal is available from Financial Services (ext 2515) upon request.

2.6 On the basis of the financial analysis it is anticipated that the printer would be paid and the council will be reaping revenue savings at around the same time as any ISiS venture would commence. It is expected that savings would then continue into the ISiS Partnership. The printer purchased is also of a higher standard than that currently used by our partners and so should be secure beyond the commencement of any ISiS arrangement.

3 Potential Annual In House Colour Volume in Financial Terms

3.1 We currently produce £35,000 of digital colour printing annually and a further £40,000 via 2 colour Litho printing. There is an additional £11,000 spent on council stationery, which is single colour. It is expected that at least 50% of the current outsourced print could be brought back in house with the appropriate equipment, totalling £32,000 per year. This could increase smaller print on demand runs are undertaken. Experience and annual customer surveys tell us that improved facilities always generate work and I would expect £10,000 of new in the first 12 months for a printer such as the Docucolour 250.

3.2 New business opportunities would be sought from organisations such as Tone Leisure (current spend with us £16,000 with much being sourced elsewhere). A machine of this type could be promoted to other local authorities, local business, voluntary groups, charitable organisations etc.

3.3 The Docucolour 250 will enable us to reduce the councils existing copier fleet, giving further ongoing savings.

4 Conclusion

4.1 The previously agreed upgrade to a Docucolour 3535 is an excellent step forward and will certainly enhance service delivery to customers. However this machine will not enable the council to significantly reduce the amount of printing we currently outsource.

4.2 It is important that council consider the need for Design and Print unit to migrate to a totally digital environment and acquire digital colour press technology. This is the only way for the section to produce the majority of the documents that it designs in house.

4.3 This will ensure the authority will derive all the benefits to be had from in house service delivery matched with the very latest in colour digital technology.

5 Recommendation

5.1 The Executive are asked to approve a supplementary estimate of £41,857 from unallocated capital reserves for the purchase of the Docucolour 250, under the invest to save principles laid out in the Council's Financial Strategy. This will be paid back within 18 months after which part way through 2007/08 revenue budget savings will start to accrue. Under the "Invest to Save" principles subsequent approval from Full Council is not required.

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Appendix 1

PRINTING OUT SOURCED TO PRIVATE PRINTERS BY THE DESIGN & PRINT UNIT FOR LAST 5 FINANCIAL YEARS.

FINANCIAL YEAR	TOTAL EXTERNAL EXPENDITURE OVER THIS PERIOD	POSSIBLE TO PRINT IN HOUSE WITH UPGRADE
APRIL 2005 TO OCTOBER 2005	£63,717.27	£30,000
APRIL 2004 TO MARCH 2005	£55,179.36	£26,000
APRIL 2003 TO MARCH 2004*	£70,335.14	£35,000
APRIL 2002 TO MARCH 2003*	£58,034.36	£30,000
APRIL 2001 TO MARCH 2002*	£79,226.26	£40,000

*NOTE QUARTERLY ISSUES OF "THE VOICE" @ AVERAGE COST OF £2,300
NOT PRINTED FROM MARCH 2004.

INHOUSE TOTALS DO NOT INCLUDE LARGE PRINT RUNS OF 5,000 AND OVER UNLESS IT IS THOUGHT SMALLER QUANTITIES ARE A REALISTIC POSSIBILITY WITH PRINT ON DEMAND BEING AN ACCEPTABLE SOLUTION FOR THE CLIENT.

NOTE THAT PAPER AND CARD WOULD NEED TO BE CAPATIBLE WITH COLOUR DIGITAL PRODUCTION.

INHOUSE FINISHING CAPABILITIES WOULD HAVE TO BE REVIEWED OR A FINISHING HOUSE CONSIDERED FOR SOME WORK.

Docucolour 250							
	Yr	0	1	2	3	4	5
Purchase		£41,857.00					
Servicing / Labour / Toner			£18,000.00	£18,000.00	£18,000.00	£18,000.00	£18,000.00
Fiery Network Support			£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00
		£41,857.00	£19,000.00	£19,000.00	£19,000.00	£19,000.00	£19,000.00
	Discount Factor (6.5%)	1	0.9390	0.8817	0.8278	0.7773	0.7299
		£41,857.00	£17,841.00	£16,752.30	£15,728.20	£14,768.70	£13,868.10
							£120,815.30
Lease			£14,754.00	£14,754.00	£14,754.00	£14,754.00	£14,754.00
Servicing / Labour / Toner			£18,000.00	£18,000.00	£18,000.00	£18,000.00	£18,000.00
Fiery Network Support			£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00
		£0.00	£33,754.00	£33,754.00	£33,754.00	£33,754.00	£33,754.00
	Discount Factor (6.5%)	1	0.939	0.8817	0.8278	0.7773	0.7299
		£0.00	£31,695.01	£29,760.90	£27,941.56	£26,236.98	£24,637.04
							£140,271.50

Docucolour 240							
	Yr	0	1	2	3	4	5
Purchase		£38,546.00					
Servicing / Labour / Toner			£18,000.00	£18,000.00	£18,000.00	£18,000.00	£18,000.00
Fiery Network Support			£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00
		£38,546.00	£19,000.00	£19,000.00	£19,000.00	£19,000.00	£19,000.00
	Discount Factor (6.5%)	1	0.9390	0.8817	0.8278	0.7773	0.7299

		£38,546.00	£17,841.00	£16,752.30	£15,728.20	£14,768.70	£13,868.10	£117,504.30
Lease			£13,587.00	£13,587.00	£13,587.00	£13,587.00	£13,587.00	
Servicing / Labour / Toner			£18,000.00	£18,000.00	£18,000.00	£18,000.00	£18,000.00	
Fiery Network Support			£1,000.00	£1,000.00	£1,000.00	£1,000.00	£1,000.00	
		£0.00	£32,587.00	£32,587.00	£32,587.00	£32,587.00	£32,587.00	
	Discount Factor (6.5%)	1	0.939	0.8817	0.8278	0.7773	0.7299	
		£0.00	£30,599.19	£28,731.96	£26,975.52	£25,329.88	£23,785.25	£135,421.80

Docucolour 3535 (Purchase not considered as this is current proposed agreement)								
	Yr	0	1	2	3	4	5	
Lease			£4,927.52	£4,927.52	£4,927.52	£4,927.52	£4,927.52	
Servicing / Labour / Toner			£20,700.00	£20,700.00	£20,700.00	£20,700.00	£20,700.00	
Fiery Network Support			£600.00	£600.00	£600.00	£600.00	£600.00	
		£0.00	£26,227.52	£26,227.52	£26,227.52	£26,227.52	£26,227.52	
	Discount Factor (6.5%)	1	0.939	0.8817	0.8278	0.7773	0.7299	
		£0.00	£24,627.64	£23,124.80	£21,711.14	£20,386.65	£19,143.47	£108,993.70