

Report to the Cabinet

Report reference: C-023-2014/15
Date of meeting: 8 September 2014



Portfolios: Technology and Support Services
Finance

Subject: Purchase of Enveloping Machine

Responsible Officer: Paula Maginnis (01992 564536).
Democratic Services Officer: Gary Woodhall (01992 564470).

Recommendations/Decisions Required:

(1) That Cabinet agrees to the capital purchase of a new enveloping machine using the following two revenue sources of funding:

- (a) £15,000 of unallocated new burdens funding; and**
- (b) a one-off £25,000 saving from the Reprographics Budget.**

Executive Summary:

The current enveloping machine is managed by the Council's Reprographics section. Primarily it provides an envelope 'stuffing' service for Revenues, Benefits and Elections.

The current machine was obtained in 2005 and is becoming obsolete with parts increasingly difficult to source. The machine is expensive to maintain and there is a concern that a major fault will arise at a critical time with limited or no options for repair.

The enveloping machine is used extensively between February and April each year, enveloping benefit claims, Council Tax and non-domestic rate bills and postal vote inserts.

The current machine cannot meet all of the Council's requirements. The technology for these machines has moved on considerably and the standard specification for the new machine will extend the range of envelope size it can work with meaning that other work will be able to be handled in house, e.g. the Housing Tenant Survey and work for the Housing Income and House Sales teams.

The purchase price for a new enveloping machine will be approximately £40,000.

To enable the Council to procure a new enveloping machine it is proposed that £15,000 of unallocated new burdens funding is utilised for this purpose. It is also proposed to use £25,000 from the Reprographics photocopier budget which is not required for this financial year.

The purchase of the machine can be contained within existing resources if Cabinet is minded to agree to the recommendations of this report. In addition to the purchase price, the annual service charge of approximately £4,700 will be met from existing resources.

Reasons for Proposed Decision:

To enable the Council to purchase a new enveloping machine without requesting additional resources.

To allocate resources to address this operational priority.

Other Options for Action:

Cabinet could agree to lease the machine, however to lease would cost in excess of £21,000 more over the lifetime of the machine.

The production and packaging of documents could be dealt with by an external provider. However, indications from other districts in Essex are that this would be a more expensive solution.

Cabinet may decide not to purchase or lease a new machine. However the current machine is obsolete with increasingly expensive service/maintenance costs. In addition, parts for the current machine are becoming more difficult to source and the Council is at risk from it breaking down at short notice leaving us with limited options to deal with time critical work.

Report:

Background

1. The current enveloping machine has been leased since 2005 and has become obsolete. It is a vital piece of equipment but the parts are now very difficult to source and the Council could be left in a position where it is no longer able to get it repaired.
2. There is a risk that it could breakdown at a crucial moment, leaving the Council with few options and significant additional costs to issue Council Tax bills, Postal Votes and Benefit information.

Financial Implications

3. Using indicative pricing from a national framework agreement, the purchase price and 6 years of annual servicing would cost in the region of £66,800. The cost to lease the machine for the same period including quarterly services would be £88,400. This means that over this period it would be £21,600 more expensive to lease than to purchase.
4. Revenues and Benefits receive Government support, through new burdens funding, to implement and manage changes in legislation, of which there have been many in recent years. The Council has been able to accommodate the recent changes without fully utilising this additional one-off funding.
5. It is proposed that £15,000 of the unused new burdens funding is used to contribute to the enveloping machine as both Revenues and Benefits rely heavily on this machine.
6. The Reprographics Section currently has a lease arrangement, for the use of photocopying machines. The Council pays £28,000 per annum in rental payments.
7. The arrangement involves paying 4 years rental over 3 years. As the Council is now in the fourth year of the arrangement it does not have to pay any rental charges. However, this amount has been included in the current budget and it is proposed that this one-off saving is

transferred to a DDF budget to contribute towards the enveloping machine.

8. The purchase of the machine can be within existing resources if Cabinet is minded to agree to the recommendations of this report.

9. In addition to the purchase price, the annual service charge of £4,700 will be met from existing resources.

10. Officers are still evaluating the different options available under a national framework agreement to obtain the most economical price and terms to procure the equipment.

Resource Implications:

Using £40,000 of unallocated revenue funding it is possible to make an important capital purchase without seeking a supplementary estimate.

Legal and Governance Implications:

The use of a framework agreement with the assistance of the Essex Procurement Hub is in accordance with Contract Standing Orders.

Safer, Cleaner and Greener Implications:

There are no safer, cleaner and greener implications.

Consultation Undertaken:

N/A.

Background Papers:

None.

Risk Management:

There are both operational and reputational risks if a new machine is not acquired.

There is a significant risk of the existing machine failing either before or during the annual billing processes in February 2015. This would cause considerable inconvenience for the public, major disruption for revenues and benefits staff and may necessitate delaying the collection of direct debits.

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

The report is requesting money to purchase an envelope machine. No groups of people are affected by this report in terms of S149 of the Equality Act 2010.