

Report to the Cabinet

Report reference: C/041/2007-8.

Date of meeting: 3 September 2007.



**Epping Forest
District Council**

Portfolio: Leader of the Council.

Subject: Forester Magazine – Procurement.

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Recommendations/Decisions Required:

- (1) To note the current position concerning contracts for production of The Forester Magazine; and
- (2) To utilize the Procurement Hub if possible in pursuing competitive quotations to test the design, sale of advertising, print and distribution aspects for production of the Forester Magazine, or else pursue our own competitive tender exercise.

Report:

1. The Forester Magazine is produced by the Public Relations Section of Research and Democratic Services. It is a colour A4 32 page magazine format including eight pages of advertising, revenue from which helps to reduce budget costs. Approximately 56,000 copies of the Forester are delivered to all households and many businesses. Distribution takes place in June, September, November and February with particular care taken to ensure that publication of the Forester does not conflict with the purdah period leading up to elections.

2. A great deal of store is set by the value of Council magazines in communicating with residents. They form a key part of most Council communications toolkits. Recent research by Bostock Marketing Group on behalf of the Department for Communities and Local Government links how well people feel they are kept informed with customer satisfaction. The Forester is one of the most important local methods of communication for Epping Forest District Council.

Cost – Production:

3. A range of suppliers assist in the production and distribution of the Forester. A budget breakdown for 2007/8 is provided below:

Forester		2007/8
Item	Supplier	Expected Cost
Design and Advertising Sales x 4	Artantica	£10,000
Editorial x 4	CL Communications	£3,600
Print x 4	Woodford Litho	£18,400
Distribution x 4	Royal Mail – Door to Door	£18,200
Distribution x 4	Best Mailing Services – North Weald	£1,640
Braille Version x 4	Anglia Ruskin Enterprise	£816
Tape Transcription x 4	John Wickens	£500
Potential Advertising Income	Artantica	-£1,000

Total		£52,156
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4. These prices are indicative for budget purposes. Some costs can vary slightly. Reasons for variations can include items such as paper prices, late author changes and fuel prices. While budget provision exists for tape transcription, the Council has not been charged for this service to date.

5. Advertising revenues vary from edition to edition. The Council has an agreement whereby in addition to advertising keeping the overall cost down, the Council receives 25 percent of advertising revenue above a threshold figure of £6,317. Income from this source has been projected at approximately £1,000 for 2007/8. The total unit cost of Forester production and distribution is a little over 23 pence per copy.

6. Design and editorial costs have been pegged at 2002 levels with a gradual increase in advertising revenue to the Council. Print prices are subject to fluctuation but are currently slightly below the tender prices obtained in 2002. It is not always possible to secure Royal Mail delivery slots and where alternative providers of comparable reliability have been engaged, they have tended to be much more expensive. The previous Portfolio Holder, who held professional experience in this field, had scrutinized the print and production costs.

Distribution:

7. The main area of cost increase is distribution. Principally Royal Mail through its Door-to-Door service carries this out. Royal Mail Door to Door is a postcode based delivery service, which overlaps some council boundaries. Best Mailing Services of North Weald are engaged to post small numbers of Foresters direct to some properties on the border of the District. Royal Mail distribution has certain disadvantages, namely that slots must be booked up to a year in advance to guarantee distribution on the required dates and Royal Mail impose strict 'delivery to depot' rules including long lead-in times which mean the Forester must be printed several weeks before distribution commences.

8. However, Door-to-Door by Royal Mail achieves almost total coverage. Previous experience has indicated that no other supplier is able to provide comparable reliability even though many offer services at a similar or cheaper price. Where competitors are able to match Royal Mail for reliability of coverage, they tend to have much more flexible arrangements with shorter deadlines but are considerably more expensive.

9. Royal Mail prices have recently increased. Distribution during 2008 is expected to be approximately £1,500 higher than 2007. The gap between Royal Mail and private sector competitors is believed to remain although it is diminishing.

Contract Liaison:

10. Although several different contractors are involved, a very good working relationship exists with the Council. Over five years they have provided an excellent service to the Council. On one occasion where through human error, an edition of the Forester did not reach Royal Mail on schedule and the delivery slot was lost, the Printer met the full cost of providing alternative distribution at considerable cost to itself.

Contract Standing Order – Requirements:

11. The contract for producing and distributing the Forester could be viewed as a single contract of £52,000, which would require invitations to tender. The budget is allocated however to a series of contractors/suppliers ranging in value from £500 to £18,400. If that view is taken, all are within the delegated authority of the Head of Research and Democratic Services. He can let those valued up to £5,000 with one quotation, those between £5,000 and £10,000 require two quotations, whilst those between £10,000 and £20,000 require three quotations. Three contracts fall in the last category.

12. If the requisite quotations are obtained, these contracts could be let under Head of

Service delegated authority. However, there is one further condition that must be met, namely the requirement of Standing Order C12 (Serial Contracts). This states that serial contracts cannot be renewed for more than four years from the year in which the rates/prices on which the contracts were first obtained. This group of contracts was let in 2002. Thus, a new exercise based on competition is required in the Financial Year.

Alternatives to Competitive Quotation:

13. Contract Standing Order C1(4) allows the Cabinet to waive any of the requirements of Contract Standing Orders if an exception is of necessity or justified in special circumstances after consultation with the Monitoring Officer and the Chief Financial Officer and provided that there is no change in policy and the financial consequences to the Council do not exceed £250,000.

14. In this case the authority would be required from the Cabinet to determine under C1(4) that the serial contract should be continued without further competitive exercise beyond the maximum period of four years set out in C12 (2). Reasons for this might be:

- (a) The process of testing the market place could be long and time consuming;
- (b) The configuration of current contractors is working effectively and the entry of new contractors might disrupt the process; and
- (c) Competition may not result in economies being achieved.

15. This presupposes that the Cabinet does not wish to change the current policy in relation to the Forester.

Statement in Support of Recommended Action:

16. While the current arrangements for the production and distribution of The Forester have worked well and the current contractors should be encouraged to bid for retention, good financial practice recommends periodic testing to ensure best value continues to be achieved. It is proposed to achieve this objective via utilization of the Procurement Hub.

Other Options for Action:

17. Waiving of Contract Standing Orders C12 to permit continuation of current arrangements until such time as the Council changes its policy on The Forester.

Consultation Undertaken:

18. None

Resource Implications:

Budget Provision: £52,156 CSB Budget 2007-08.

Personnel: From within existing resources.

Land: None.

Council Plan 2006-10/BVPP Reference: None.

Relevant Statutory Powers: The Local Government Act 1972 (Section 142).

Background Papers: None.

Environmental/Human Rights Act/Crime and Disorder Act Implications: None.

Key Decision Reference (if required): N/A.