

DATE	<b>24 September 2013</b>
REPORT FOR	<b>Trust Board of Directors – Part A</b>
REPORT FROM	<b>Wendy Booth, Director of Clinical and Quality Assurance &amp; Trust Secretary</b>
CONTACT OFFICER	<b>Wendy Booth, Director of Clinical and Quality Assurance &amp; Trust Secretary</b>
SUBJECT	<b>Ratification of Chairman and Chief Executive Action</b>
BACKGROUND DOCUMENT (IF ANY)	<b>Trust Constitution / Standing Orders / Scheme of Delegation</b>
REPORT PREVIOUSLY CONSIDERED BY & DATE(S)	<b>Finance Committee and Trust Board – August 2013</b>
EXECUTIVE COMMENT (INCLUDING KEY ISSUES OF NOTE OR, WHERE RELEVANT, CONCERN AND / OR NED CHALLENGE THAT THE BOARD NEED TO BE MADE AWARE OF)	<b>The report provides details of Chairman and Chief Executive action to approve the awarding of a managed service contract with Danwood for the provision of multifunctional print devices and the control of print costs</b>
HAVE THE STAFF SIDE BEEN CONSULTED ON THE PROPOSALS?	<b>N/A</b>
HAVE THE RELEVANT SERVICE USERS/CARERS BEEN CONSULTED ON THE PROPOSALS?	<b>N/A</b>
ARE THERE ANY FINANCIAL CONSEQUENCES ARISING FROM THE RECOMMENDATIONS?	<b>YES – outlined within the paper</b>
IF YES, HAVE THESE BEEN AGREED WITH THE RELEVANT BUDGET HOLDER AND DIRECTOR OF FINANCE, AND HAVE ANY FUNDING ISSUES BEEN RESOLVED?	<b>YES</b>
ARE THERE ANY LEGAL IMPLICATIONS ARISING FROM THIS PAPER THAT THE BOARD NEED TO BE MADE AWARE OF?	<b>NO</b>
WHERE RELEVANT, HAS PROPER CONSIDERATION BEEN GIVEN TO THE NHS CONSTITUTION IN ANY DECISIONS OR ACTIONS PROPOSED?	<b>YES</b>
ACTION REQUIRED BY THE BOARD	<b>The Board is asked to endorse the action taken by the Chairman and Chief Executive</b>

## **2013/14: SAVINGS PLAN DELIVERY MULTIFUNCTIONAL DEVICES AND CONTROL OF EXISTING PRINT COSTS – PROJECT UPDATE – CONTRACT DECISION**

### **1. Progress to Date:**

The project, setting up a revised profile of devices across all 3 sites under a managed service contract through Danwood, has now completed the survey stage, and is entering contract agreement stage.

In order to finalise the contract negotiations and proceed to rollout, the Trust Board, through the Finance Committee, must approve contract sign off parameters. The contract value (up to £1.23m over almost 3 years) requires Board level approval.

### **2. Revised Savings Deliverable Under The Contract:**

Contract negotiations are still ongoing – this paper is designed to secure approval of contract parameters to enable optimum delivery timetables – but with the audit and survey process complete an initial model of savings is available, based upon a 34 month lease arrangement, using Kyocera equipment under a managed service contract – allowing for forward negotiation on a joint basis with ULHT, who have a similar agreement which we wished to coordinate for future procurements.

On the basis of the survey, at current levels of usage, the contract currently proposed will save an annual value of £94k, against a base spend of £529k. This saving falls short of the £242k set out in the last update, for 2 key reasons:

- 1) The baseline spend has been updated and refined, and reflects ongoing improvements in NLAG performance. This equates to circa £50k of the reduction.
- 2) The survey work ascertained that a greater number of devices were required than was included within the initial exercise – based on the ULHT experience – due to the site configuration.

The survey work has been reviewed and judged acceptable, subject to fine tuning as part of implementation and rollout processes.

Further savings may be available through utilisation reduction. The variable elements of the contract, which are chargeable on a pure cost per print basis, would mean a net reduction of £13k per 10% reduction in usage. Typical changes in utilisation as a result of these exercises (driven by the move to pull printing and other education processes) are assessed as 30%, equivalent to £40k in addition to the base £94k per year.

Negotiations are ongoing with Danwood to secure further contract cost reductions. Final schedules are still pending, but it is suggested that a further minimum of £20k reduction on the annual current contract value (£435k) be set as a requirement to secure an agreement.

There is a balance to be struck between securing a quick agreement and securing the best agreement – it is preferred that the rollout process commence within September 2013 (workup publicity has commenced), but there are further cost efficiencies to be secured as part of the negotiation process. The £20k limit is therefore set as a best estimate of required efficiencies to be extracted through the contract finalisation process.

This should allow (inclusive of forecast usage reductions) a net spend decrease of £150k (28% of current).

### 3. Next Steps:

The Trust Finance Committee is requested to approve:

- 1) The principal of a 34 month lease agreement with Danwood for provision of devices
- 2) A proposed annualised spend limit of £415k (inclusive of VAT) for the contract based on current usage rates, a £20k reduction on the annual figures presented to date by Danwood, for finalizing the contract agreement.
- 3) The adoption of a 30% reduction target for usage as a result of this project (with a linked £40k savings projection) – on a full year basis.
- 4) An appropriate Trust Board approval process.

**Marcus Hassall**  
**Deputy Director of Finance**  
**August 2013**

### Post Meeting Update:

This document was approved by the Finance Committee, but due to the contract value over the full contract period approval must be sought from The Trust Board. At the Trust Board on the 27<sup>th</sup> August, it was agreed that this sign off review could be conducted through the "Virtual Board" method, with approval by the Chairman and Chief Executive.

Subsequent to the drawing up of this document, a revised proposal from Danwood was received which would equate to an annual spend (current volumes) of £380k – significantly within the maximum limit of £415k suggested in the paper. This will be the basis for the final contract, subject to approval.

  
419113



**"Don't Print That File!"**

