



PORTFOLIO: FINANCE AND SUPPORT

CABINET - 6 MARCH 2002

PRINT SERVICES

1. PURPOSE OF THE REPORT

- 1.1 The prime purpose of this report is to seek approval to vire existing budget provision between business units across directorates. This is necessary because of the stipulation in Financial Regulations as the total value of the virements exceed £50K.

2. BACKGROUND

- 2.1 Following the re-organisation of the Chief Executive's Department in October 2001 and the separation of the Print & Graphic Services, a review has been undertaken of the Print Service.
- 2.2 The review concentrated on the viability of the service having particular regard to:
 - The service has reduced significantly in manpower in recent years and yet continues to bear the same level of some of the original overheads such as office allocation. This hinders the cost effectiveness of the service.
 - The service has equipment that the Council owns that is rarely, if ever, used as a result of work being placed with external printers. The value of this equipment is estimated to be £25K.
 - The level of increase in recharges to business units in 2002/03 in order to achieve full cost recovery.

3. THE OUTCOME OF THE REVIEW

- 3.1 The outcome of the review determined that the service is not viable. A report to the Corporate Management Team recommended the closure of the service with effect from 31 March 2002 and made proposals to organise functions that are essential to continue, in a more efficient way, with the potential to reduce costs.

4. FINANCIAL IMPLICATIONS

- 4.1 No increase in expenditure will result from the proposed changes.
- 4.2 Expenditure savings totalling £25,500 (which includes £6,470 in respect of depreciation and notional interest) have been identified as a result of the review and have been included in the detailed estimate process for 2002/03.

However, the full impact of the closure of Print Services on the internal market is being investigated. This is likely to result in a reduction in service and business unit print budgets to reflect lower costs that may be achieved by placing work externally.

- 4.3 Approximately £25K could be realised from the sale of equipment that the Council owns, which will result in a capital receipt.
- 4.4 There is a liability for lease payments on certain equipment. Early redemption of the lease on each of the items of equipment may be appropriate. Indications are that this cost will be in the region of £20K. However, this will be partially offset by income to the Council as a result of proceeds from the sale of this equipment. The Director of Resources should determine the acceptability of this option once tenders have been received in accordance with Financial Regulations.
- 4.5 Revenue provision for print equipment in the Expenditure Plan of £5,300 for 2003/2004, increasing to £9,700 from 2004/05 onwards is no longer required.
- 4.6 There is potential for efficiency savings to accrue and for savings through the procurement process due to greater bulk buying.
- 4.7 Virement from Print Services to certain budgets will need to occur to enable essential activities and procurement to continue. Appropriate mechanisms will need to be put in place to ensure recharges are made to business units and services.

5. CRIME AND DISORDER IMPLICATIONS

- 5.1 There are no crime and disorder implications.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications.

7. RECOMMENDATIONS

- 7.1 That budget provision of £24,410 be vired to Secretarial Services to enable all of the corporate high volume copying service to be undertaken by Secretarial Services in the Chief Executive's Department.
- 7.2 That budget provision of £32,000 be vired to Central Purchasing to enable the paper buying currently undertaken by Print Services.
- 7.3 That budget provision of £20,710 be vired to Graphics Services to enable the procurement of external colour copying to continue.
- 7.4 That budget provision of £25,870 be vired to ICT Services to enable the continuation of document image processing work associated the scanning of planning applications for the Council's web site.
- 7.5 That certain print equipment that the Council owns to be sold in accordance with Financial Regulations.

- 7.6 That the early termination of leases on certain print equipment be subject to the Director of Resources being satisfied with the resulting financial situation.
- 7.7 That revenue provision for print equipment in the Expenditure Plan of £5,300 for 2003/2004, increasing to £9,700 from 2004/05 onwards be deleted.

For Further Information:

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Background Papers:

None