



Seirbhís Thithe
an Oireachtais
Houses of the
Oireachtas Service

Oifig Chléireach na Dála agus Ard Runaí
Teach Laighean

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28 November 2019

Mr Kieran Lenihan
Clerk to the Committee of Public Accounts

Dear Kieran

I refer to my email of 25 November 2019 advising of my intention to prepare a **Report on the purchase of a Komori printing press and related matters** for the Committee of Public Accounts.

Please find attached my Report. In preparing it I have taken all reasonable steps in the time available to ensure its accuracy.

Should there be any further queries please do not hesitate to contact me.

Yours sincerely,

Peter Finnegan
Clerk of the Dáil and Secretary General

REPORT ON THE PURCHASE OF A KOMORI PRINTING PRESS AND RELATED MATTERS

1: INTRODUCTION

I refer to my letter of 25th November 2019 regarding the purchase of a Komori printing press for the Houses of the Oireachtas Commission in 2018 and related matters. The following Report is provided to the Committee of Public Accounts and the Houses of the Oireachtas Commission. The Report deals with the procurement, project management, costs and accommodation of the print equipment as well as the staffing of the Print Facility.

2: PRINT FACILITY – BACKGROUND

Purpose:

The Print Facility came into operation in 2007 as a centralised facility under the control of a Print Manager and operating under a “professional service level agreement”. It undertakes printing work for Members of both Houses of the Oireachtas and qualifying parties. It is defined as a secretarial facility to be used by Members solely in connection with their parliamentary duties and by qualifying parties for the purposes of facilitating the parliamentary activities of their elected members. The parliamentary duties of members of the Houses of the Oireachtas (and by extension the parliamentary activities of a party) involve dealing in their parliamentary capacities with all matters in which the Houses of the Oireachtas, in the performance of their constitutional functions, have an interest. The use of the Facility encompasses all matters relating to the Houses, representation of constituents and others, and includes, for example, communication with/to constituents on diverse matters such as local or general public interest issues, Government policies and legislation. Throughout the period 2016-2019, an average of 90% of the work was carried out on behalf of elected Members and Political Parties with the remaining 10% completed for the Houses of the Oireachtas Service.

Print jobs completed by the Facility over the last decade have ranged from runs of business cards to large scale print runs of 70,000. Print impressions have averaged 18.4 million per year and the average number of jobs per year is 2,357. This is a significant level of output. The annual expenditure in recent years for the Print Facility for ongoing services has averaged between €550,000 - €600,000 with staffing costs for 2018 approximately €610,000. Outsourcing costs for 2018 amounted to €55,000.

Members are entitled to use the Print Facility solely in connection with their parliamentary duties. Any limit placed on the volume of an item to be printed is based on the size of a Member’s constituency. The range of print products available includes newsletters, bulletins, general or specific communications, information papers, fliers, circulars, personalised headed paper, Leinster House Guides, complimentary slips, business cards, clinic cards and a variety of cards all conveying contact information.

There are agreed turnaround times for printing jobs. For Items with a quantity of less than 30,000, all copies are printed and available for collection/delivery within 5 working days of the receipt of final files. For items with a quantity of more than 30,000, all copies are printed and available for collection/delivery within 9 working days of the receipt of final files. For Items printed digitally, all copies are printed and available for collection/delivery within 3 working days of the receipt of final files.

All jobs are prepared by designers employed by Political Parties and orders are then placed by the designer onto the Print Scheduling System. The progress of all jobs can be tracked on this system. The Print Facility is located in the Basement of Kildare House. The porters will deliver the finished print job to a Member's office or car. The Member may also pick up directly from the Print Facility, if required.

The Service Level Agreement (SLA) is the basis on which the appropriateness of all printing requests from Members is managed by the Print Manager. Any issues in relation to such use are decided by the Print Users Council (PUC) which is comprised of 4 Members (2 TD's and 2 Senators) plus 4 staff. The PUC has previously agreed that the Houses of the Oireachtas Service may submit work to the Print Facility when the Print Facility has a reduced work load. Typically, this would be work related to corporate communications or for public engagement uses.

The Facility will outsource jobs when it is decided that the turnaround times set out in the SLA will not be achieved or when a particular finish or product type may be required which is not available in-house. Following an RFT in October 2018, a contractual agreement was put in place by the Houses of the Oireachtas for external printing services should the need arise. The contract runs until 23 November 2020 with the possibility of up to 2 extensions for a period of up to 12 months duration for each extension.

Staffing and working pattern:

Currently, there is 1 Print Manager and 8 Print staff employed in the Print Facility. Staff work a standard 38 hour week gross on a shift pattern.

These staff were originally employed with the political parties/members but following negotiations, involving SIPTU and in consultation with the Department of Finance (in relation to terms and conditions of employment) they transferred to employment as state industrial employees.

Location:

The Print Facility is located in the basement of Kildare House. The original Print Facility fitout was carried out in 2004 to house operations for 4 Print Rooms with individual printing presses and print staff allocated to qualifying political parties and independent Members. The design and construction were carried out to provide compliant spaces for particular machines and operations at that time. The fit out was to a high standard with a tanked, insulated, mezzanine installed as a safe working platform overhead, full air conditioning and secondary floor slab.

3: PROJECT TO UPGRADE THE PRINTING EQUIPMENT

Consideration, Business Case and Approvals.

When the procurement process for the new printing equipment began, the two main lithographic printing presses in the Print Facility and associated finishing machines were all over twelve years old. They were fully depreciated and costly to maintain. A business case was prepared for the Management Board and the Houses of the Oireachtas Commission in November 2017, seeking approval to upgrade the printing presses and associated finishing machines. This was approved by both of the aforementioned bodies and a provision made in the 2018 Estimate of €1.5m to cover the expected costs.

The proposal was to source a high-volume printing press and to decommission both existing presses. One of the existing presses was to be decommissioned immediately. The second press was to be held and decommissioned in approximately 12 months. With many advances and innovations in technology since 2004, the capacity of the new printing press was to be greater than the existing capacity of the two presses which were being decommissioned.

A new press was expected to cost in the order of €850,000 excluding VAT. This figure would be dependent on what would be submitted by way of a tender which is the only definitive way of establishing the prices the market would offer. The short to medium term offsetting savings were identified as-

- Avoiding overhauling the two existing machines – €170,000,
- Trade in value of both machines (over the course of a 12-month period) €100,000,
- Average spare parts savings of €20,000 per annum,
- Cleaner work environment for staff due to the reduction in chemicals associated with the older presses and the move to a chemical free metal plate press.
- Movement to a greener production process.
- New range of printed products for members and staff i.e. A5 booklets,
- Higher quality resolution comparable with digital quality even on high volume runs,
- Higher capacity, less paper waste on make readies and improved production times,
- Potentially quicker response times for breakdown fixes due to the signalling technology in new machines.

The Procurement Process

The Project team for the acquisition of the printing press and ancillary equipment comprised of the Head of Communications, Print Manager and his assistant along with an external procurement expert. The team was supported by the Oireachtas Procurement Unit.

The following were the key dates in the procurement process:

15 th August 2017	Market Soundings meetings took place on the Leinster House campus.
5 th March 2018	RFT published on eTenders and in OJEU.
21 st March 2018	Site visits for interested parties.
29 th March 2018	Deadline for receipt of clarifications.

5 th April 2018	Closing date for the receipt of tenders.
12 th April 2018	Evaluation of tenders received.
19 th April 2018	Post-closing clarification meeting
27 th April 2018	Consideration by Oireachtas Contracts Committee.
27 th April 2018	Contracts awarded.
31 st May 2018	Contracts signed.
18 th June 2018	Contract Award notice published on eTenders and OJEU.

When the market soundings took place on the 15th August 2017, three suppliers attended in Leinster House. Subsequently it was decided that to facilitate open access by SMEs that the tender would be split into five separate lots.

Section 2.2.2 of the RFT included the following statement:

‘The press must be able to fit into a room (L12m W5.8m H2.5m) with an acceptable work area around the press’

Following the publication of the RFT, site visits were organised for interested parties and a series of requests for clarifications were received. One clarification for Lot 2 asked if there was a false ceiling in the room and if it would be possible to achieve a greater height than 2.5metres as stated in the RFT. The response provided stated that there was a false ceiling in the room and another 35cms could be achieved.

One response was received to each of the 5 Lots.

In relation to Lot 2, Komori observed in their tender response document “that the head room from the Press foot boards to the ceiling is limited”. They subsequently sent a number of documents by email dated the 25th April, including a one-page drawing which showed the existing ceiling height of 2.5m and the recommended ceiling height of 3.16m. (a difference of 0.66m). However, at the time of writing this Report I have yet to establish how or if this information was processed within the Houses of the Oireachtas Service.

The contract was signed on 31st May 2018.

Review of Print Facility Accommodation:

On the 30th May 2018 the Facilities Unit in the Houses of the Oireachtas Service contacted the OPW informing them that a new machine had been procured by the Print Facility and that it was planned to take delivery in early September 2018. An outline of the dimensions was provided and the need for temporary removal of door frames to facilitate the delivery was raised. Other works identified were the removal of internal stud partition walls. A drawing of the machine and a sketch of the proposed location was provided.

The initial focus was on assessing what was required to facilitate the installation of the machine, including the requirements for clearance around the machine, not just for the safe day to day operation but also clearance that would provide safe access for maintenance.

In an email dated the 15th August 2018, the OPW Architect stated that having carried out a review of the specifications an issue regarding the head room had been identified.

The initial consideration of the brief by architects and engineers concluded that the proposed location in Print Room 1 would not be advisable.

An alternative print room was proposed which would allow for the clearance needed and allow for a specific site for the works to be isolated. A core requirement was to maintain a working Print Facility during the works. Print Room 2 was chosen. Detailed drawings were then required to confirm appropriate machine placement.

A significant part of the programme during this period was the arrangement of a survey of the floor in Print Room 2 to confirm the suitability of the loading that the new print machine would present. This involved engagement by OPW of external structural engineers (who had worked on the original Print Facility installation) and a survey which was conducted in January 2019.

Following the survey, it was confirmed that Print Room 2 was feasible for the loading required. Detailed drawings and plans then commenced for the new location.

The M&E (Mechanical and Electrical) works needed were significant. The OPW took the opportunity to carry out additional works on the fabric of the building to include the replacement of the obsolete air conditioning unit.

The final plans for the layout of the room were signed off in June in 2019.

Further enabling work was required prior to commencement of the main works in order to re-position the Heidelberg (existing print machine) in line with the final plans. This was completed in July 2019. This was a project in itself and was managed by the Print Facility with the assistance of OPW in providing services to the new location.

A programme of works was agreed with the contractors and suppliers, and main works commenced in August 2019 and the print machine was delivered on 28 September 2019. A period of assembly/installation by the suppliers then followed.

In parallel some final works were completed by builders and other contractors and the Print Facility was handed back to the Houses of the Oireachtas on 12 November 2019.

The printing equipment is now installed and commissioned. Training has yet to take place as the Houses of the Oireachtas Service and SIPTU are in discussion to address concerns raised by the Print Facility Staff.

4: PRINT EQUIPMENT AND FACILITY UPGRADE COSTS

Printing Equipment:

There were 5 Lots in total for this RFT with a total price across all 5 lots of €1,113,500 (excl VAT) which amounted to €1,369,605 (incl VAT). The equipment was purchased in 2018.

Lot 1: Plate Making Device

Contract signed with *Graphic & Paper Merchants Ireland* on 11 June 2018 - €105,000 (excl VAT)

Lot 2: Printing Press

Contract signed with *Komori U.K. Limited* on 31 May 2018 - €808,000 (excl VAT) (€848,000 less trade-in price of €40,000)

Lot 3: Folding Machines

Contract signed with *Portman Graphic Ltd.* on 31 May 2018 - €100,000 (excl VAT) (€107,000 less trade-in price of €7,000)

Lot 4 : Guillotines

Contract signed with *Portman Graphic Ltd.* on 31 May 2018 - €63,500 (excl VAT) (€72,000 less trade-in price of €8,500).

Lot 5 : Pile Turner

Contract signed with *Portman Graphic Ltd.* on 21 May 2018 - €37,000 (excl VAT)

Projected final account for Print Room Works:

The projected final account for works in the Print Facility as a direct result of the installation of the printing equipment that falls to be paid by the Houses of the Oireachtas is circa €229,000 exclusive of VAT.

These costs are as follows:

Building Costs	€100,000
Electrical Costs	€94,000
Mechanical Costs	€35,000

The OPW took the opportunity to carry out necessary additional works on the fabric of the building while the contractor was on site and access was available. The costs of these works will fall to be paid by the OPW and are estimated to be €195,000. I have confirmed that these costs are not attributable to the works necessary to deal with the head height issue arising from the installation of the Komori Printer.

These costs are as follows:

Fabric & Maintenance Costs	€27,000
Ancillary Electrical Costs	€30,000
Air Conditioning Costs	€138,000

The final accounts for the above costs have yet to be settled.

5: APPROPRIATION ACCOUNT 2018 AND SECRETARY GENERAL APPEARANCE BEFORE THE COMMITTEE OF PUBLIC ACCOUNTS

The Printing Press was the subject of discussion between the Houses of the Oireachtas Service and the Office of the Comptroller & Auditor General during the Audit of the Appropriation Accounts 2018.

The matter at issue was the accounting treatment of the printing equipment which although paid for in 2018 was in storage. It was agreed with the Auditors that as well as including the cost of the equipment in subhead 1(e) it would be included as a prepayment in a note to the accounts.

Note 2.5 of the Appropriation Account 2018 therefore provided as follows:

“*included in prepayments 2018 are capital equipment costs amounting to €1.793m, which, while purchased in 2018 will not be fully commissioned until 2019, as detailed below:

*Print Equipment - €1.169m – a delay in delivery and installing the printing equipment was due to a requirement (not originally anticipated) to upgrade the print room to meet health and safety standards which will be completed in July 2019.”

In advance of my appearance before the PAC, and in preparation for any query on Note 2.5 relating to the costs of the works, I was advised that the estimated cost was €230,000. As you will be aware no discussion arose on the cost of the works in the course of my appearance. There was absolutely no lack of disclosure or candour on my part during my examination by Members of the Public Accounts Committee.

6: ANALYSIS & CONCLUSIONS

1. The Oireachtas has a significant printing operation providing 18 million impressions per year. Such an operation requires a large high-volume printing press. Based on the evidence reviewed, I am satisfied that the Komori Printing Press purchased is necessary and appropriate to meet the current and future printing needs in the Houses of the Oireachtas.
2. Having reviewed the documents, I am of the view that the emphasis during the procurement process was on acquiring a printing press that had a high degree of functionality, was cost effective and would fit into the Print Facility with an acceptable surrounding work area. However, the requirements of the building and other regulations in relation to 'head height' were neither understood nor examined during the critical early stages of the project. A project of this scale and complexity requires specialist expertise (particularly architectural and engineering) on the project team at all stages and this must be a consideration in all future projects.
3. A major challenge faced by the OPW and the Print Facility was the requirement to keep the print service operable, to meet the target timelines set out in the SLA, while the installation works were applied. In my opinion this contributed to the cost of structural adaptations.
4. Given the printing requirements in the Houses of the Oireachtas as expressed in the Request for Tender Document, it is my opinion that significant structural adaptations would have been necessary in any event.
5. There was no attempt on the part of either me or anyone else in the Houses of the Oireachtas to withhold any information on the cost of the Print equipment or the cost and nature of the works.