

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL
EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE
CABINET

Date: 14 September 2016

CORPORATE POSTAL SERVICES

Submitted by: Executive Director, Resources & Support Services

Portfolios: Finance, IT and Customer Services

Ward(s) affected: Non Specific

Purpose of the Report

To seek Cabinet approval for the provision of corporate postal services following the expiry of the current contract.

Recommendation

Award a new two (2) year contract under the Stoke-on-Trent City Council procurement (NULBC having been a named participant in this process) to UK Mail who was the successful provider following the procurement process and the current incumbent service provider to NULBC, which would offer business/service continuity.

Reasons

- (a) The current contract with UK Mail expired on 9 August 2016. This current contract provides a streamlined process for sending out corporate mail and ensures that it is the most cost effective and process efficient methods that are being used.
- (b) The proposed contract will only realise savings on current postal costs through working collaboratively with partners particularly if we move forward with a Hybrid Mail solution (1).

1. Background

- 1.1 Following a Cabinet decision in February 2013, the Council has utilised UK Mail for the collection, transport and delivery of mail with an annual expenditure in the region of £93,000 per annum (p.a.) on post. This expenditure was spread across three main areas within the Council: Central Mail Services (Customer Services), Revenues & Benefits, Elections and Licensing.
- 1.2 This contract expired on 9 August 2016. An arrangement is in place with UK Mail to continue with the current service under the terms of the current contract with notice to terminate being 30 days. An internal evaluation has taken place on the requirements of corporate postal provision and on the various procurement options available.

¹ Hybrid mail is mail that is delivered using a combination of electronic and physical delivery. Usually, it involves digital data being transformed into physical letter items at distributed print centres located as close as possible to the final delivery addresses.

1.3 Officers have recognised a continued requirement to dispatch outbound physical mail and parcels, although a project is currently looking into the provision of a Hybrid Mail service. Hybrid mail is mail that is delivered using a combination of electronic and physical delivery. Usually, it involves digital data being transformed into physical letter items at distributed print centres located as close as possible to the final delivery addresses. However, this service will not be in place before the end of the current UK Mail contract and also Hybrid Mail does not eradicate all the requirements to removing a corporate postal service, such as parcel/large letter delivery.

2. **Procurement Options available**

2.1 Officers have reviewed the following procurement options available:-

- Open Market Tender – (Official Journal of the European Union (OJEU))
- Wider Collaboration – working with other District Councils (as previously undertaken with the UK Mail contract).
- Identification of a suitable framework and run a further competition (Crown Commercial Service framework RM1063)
- Explore further the option to join the Birmingham City Council postal service contract (Royal Mail) currently used by Staffordshire County Council.
- Direct award under the Stoke-on-Trent City Council Contract (NULBC having been named in the OJEU notice has the option to award a contract to the successful provider UK-Mail).
- Negotiate an extension to the current UK Mail contract, however a one year extension would breach the Council’s Financial Regulations threshold for tenders i.e. £50,000 and if extended by two years it would breach both Council and EU procurement thresholds.

2.2 Current Postal costs, based on the options above are:

	Royal Mail 1 st Class Franked Price	Royal Mail 2 nd Class Franked Price	UK Mail Economy 2 nd Class equivalent (current method)	Stoke-on-Trent City Council Economy 2 nd Class equivalent	Birmingham City Council (Royal Mail 2 nd class)
DL envelope	0.51	0.37	0.276	0.272	0.37

2.3 The Council’s Procurement Officer has been fully involved in the above process. Based on the cost analysis above the preferred option is to enter into a two year contract with UK Mail under the Stoke-on-Trent City Council contract.

3. **Outcomes Linked to Corporate Priorities**

3.1 The outcome supports becoming a cooperative council delivering high quality community driven services, through providing a postal solution that maintains and supports sustainable communications with our community on behalf of the Authority.

4. **Legal and Statutory Implications**

- 4.1 The recommendation is made in accordance with the Council's internal rules set out in the Constitution and with the European Procurement Rules and the UK regulations.

5. **Equality Impact Assessment**

- 5.1 An equalities impact assessment was undertaken in 2013, prior to the original award of the contract with UK Mail. There have been no significant changes since then, however a review will be undertaken.

6. **Financial and Resource Implications**

- 6.1 Whilst no significant savings will be released at this moment in time, with the recommendation to award a 2 year contract similar to the existing one, it is anticipated that with the Council looking at the provision of Hybrid Mail, any savings released from the implementation of Hybrid Mail will reduce the annual spend on postal services. Utilising Stoke-on-Trent City Council's procurement process has resulted in savings in officer time due to not having to go through a full open market tender.

7. **Major Risks**

- 7.1 There is always the risk that the appointed service provider for the Mail Collection and Delivery (Outbound Physical Mail), contract could make a mistake in the delivery of the service provision but this will be mitigated by having robust procedures and contractual provisions in place.
- 7.2 The appointed service provider for the Mail Collection and Delivery (Outbound Physical Mail) as identified in the preferred option will also still have to hand over the Council's post to Royal Mail to deliver the "final mile", and from this point onwards post is difficult to track.

8. **Earlier Cabinet Resolutions**

- 8.1 16th February 2013 - Procurement of Corporate Mail Services

9. **Key Decision Information**

- 9.1 Due to the annual cost of the service this is a key decision and was included in the Cabinet's Forward Plan for the period in which the meeting is to take place.

10. **Recommendation**

- 10.1 It is recommended that the Council enter into a new two (2) year contract under the Stoke-on-Trent City Council procurement (NULBC having been a named participant in this process) to UK mail who were the successful provider following the procurement process and the current incumbent service provider to NULBC, which would offer business/service continuity.

11. **Background Papers**

There are no background papers linked to this report.