

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

**Date 19<sup>th</sup> July 2017**

**REPORT TITLE:** Introduction of Hybrid Mail for Postal Services

**Submitted by:** Executive Director - Resources & Support Services

**Portfolio:** Finance, IT and Customer

**Ward(s) affected:** Non specific

**Purpose of the Report**

To seek Cabinet approval to enter into a four year contract with PSL Print Management Ltd, based on the collaborative procurement process undertaken by Stoke on Trent City Council for the delivery of 'hybrid mail' services following a pilot to determine the viability of a "hybrid mail" solution for postal items to support the move to Castle House.

**Recommendation**

**That the Council enter into a four year contract with PSL Print Management Ltd for the delivery of 'hybrid mail' services.**

**Reasons**

- (a) The introduction of a 'hybrid mail' solution supports the Council's Digital Delivery and Agile working programmes;
- (b) The pilot has proved successful in all areas involved, and the solution offers significant benefits in terms of resource and savings, whilst providing the opportunity to introduce modern and more efficient ways of working.

**1. Background**

- 1.1. The Council has utilised UK Mail for the collection, transport and delivery of all its outbound mail since 2013, with an annual expenditure in the region of £97,000 per annum on postal services. This expenditure is spread across three main areas within the Council: Central Mail Services (Customer Services), Revenues & Benefits, Elections and Licensing.

**2. Business Requirements**

- 2.1 Hybrid mail is mail that is delivered using a combination of electronic and physical delivery. In effect this means posting letters directly from a personal computer. This digital data is then transformed into physical letter items at a distribution print centre at a central location by the provider. Hybrid Mail does not completely replace a corporate postal service, as there is still a requirement for parcel deliveries from time to time.

## 2.2 The key drivers for 'hybrid mail' are:-

- Supports the Council's agile working programme, with officers being able to release mail from a home working environment without the need to print;
- Supports the EDRM ( Electronic Document Records Management ) programme by increasing the managed electronic storage whilst reducing paper output;
- Increased security and reduced risk, given the reduction in paper handling;
- Potential for a reduction / elimination of equipment e.g. mail folder inserter (envelope stuffers); ageing high volume printers (Revenues & Benefits); HV digital print machines, franking machine;
- Supports the changing function and processes of the post room at Castle House;
- Potential reduction in the production of pre-printed stationery.

2.3 The benefits of 'hybrid mail' have been investigated by undertaking a pilot (proof of concept) of 'hybrid mail' in identified service areas; and to assess the options available to support the procurement and full implementation of a solution should suitable benefits and savings be identified from the pilot. Having reviewed a number of offers of support, i-Mail (part of the UK Mail Group) was the 'hybrid mail' solution chosen.

## 3. Outcome of the Pilot / Proof of Concept

3.1 The pilot was undertaken to ensure that the solution had no adverse impact on any of the software and hardware currently being used by the officers in Environmental Services, Revenues and Benefits and Customer Services. During the initial pilot, 93 users were given access and a total of 7,882 items of mail were sent via 'hybrid mail'. However, the pilot timeline was extended as it was considered important to prove that 'hybrid mail' could manage the annual Council Tax billing exercise.

3.2 The Council's major software systems were thoroughly tested for suitability and compatibility with the pilot solution. The solution has proved successful in all areas tested. Importantly, officers utilised 'hybrid mail' for the issuing and despatch of annual Council Tax bills successfully handling over 54,000 bills.

3.3 The solution provided a greater level of information security given the decrease in paper handling.

3.4 The only postal items identified by officers as part of the pilot which cannot be sent via Hybrid Mail are parcels.

## 4 Procurement Contract Options Considered

4.1. Officers have reviewed the following procurement options available:

- 1) Open Market Tender – (OJEU);
- 2) Wider Collaboration – with neighbouring District Councils; however, this is driven by the pace of other partners;
- 3) Identification of a suitable framework and run a further competition (Crown Commercial Service framework RM1063) – Lot 3 offers a 'hybrid mail' offsite solution containing 20 potential service providers);
- 4) The option to join the Birmingham City Council 'hybrid mail' service contract. This contract is in its infancy and there is little evidence shown of delivery;
- 5) Direct award under the Stoke-on-Trent City Council Contract (the Borough Council having been named in the OJEU notice has the option to award a contract to the successful provider; PSL Management Print LTD).

- 4.2. Officers have reviewed the procurement options available - including the associated costs - obtained references from local users, undertaken site visits and worked closely with the Council's Procurement Officer throughout the process.
- 4.3 It is recommended that Cabinet approve option 5 – that is the establishment of a four (4) year contract with PSL Print Management Ltd, based on the collaborative procurement process undertaken by Stoke-on-Trent City Council.

## **5. Reasons for the Preferred Option**

- 5.1 The ability to contract directly with PSL Print Management Ltd without the need for a procurement process as the Borough Council were named on the Stoke-on-Trent City Council contract and contract award notice.
- 5.2 From a cost perspective and in comparison with other “hybrid mail” providers, PSL Print Management Ltd offer a significant saving to the Council.
- 5.3 Neighbouring authorities are utilising this option with Staffordshire Moorlands District Council having recently used PSL for their annual council tax billing. Both Stoke-on-Trent City Council and Staffordshire Moorlands have given extremely positive reports concerning PSL's performance.

## **6. Outcomes Linked to Corporate Priorities**

- 6.1 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.

## **7. Legal and Statutory Implications**

- 7.1 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.

## **8. Equality Impact Assessment**

- 8.1 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.

## **9. Financial and Resource Implications**

- 9.1 There will be significant savings from the introduction of “hybrid mail” both from a reduction in actual postal costs estimated to be a minimum of £15,000 per annum and also the freeing up of officer time to focus on other areas of work. There will also be savings in paper, printing and envelopes. Utilising Stoke-on-Trent City Council's procurement process has also resulted in savings in officer time due to not having to go through a full open market tender.

## **10. Major Risks**

- 10.1 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.
  - 10.2 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.
11. **Key Decision Information**
- 11.1 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.