

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S  
REPORT TO**

**Cabinet**  
**01 December 2021**

**Report Title:** Re-Procurement of Corporate Mail Services

**Submitted by:** Executive Management Team

**Portfolios:** One Council, People & Partnerships

**Ward(s) affected:** N/A

**Purpose of the Report**

To authorise the proposed re-procurement of corporate mail services.

**Recommendation**

**That Cabinet authorise a direct award of contract to PSL Print Management Limited under the Crown Commercial Service Framework RM6017 Lot 7: Hybrid Mail, Digital and Transformational Communications for a period of 3 years with the option to extend by a further 2 x 1 year extensions to December 2026.**

**Reasons**

The current hybrid mail solution was introduced in 2017 following a successful pilot project and has proved to be beneficial to the Council throughout the contract period, generating a number of efficiency savings and enabling more modern ways of working. PSL Print Management Limited have been identified as the most economically advantageous tenderer to continue providing the service through a benchmarking exercise, in line with a compliant procurement process, undertaken by colleagues at Stoke-on-Trent City Council following a further competition process under the Crown Commercial Service Framework RM6017 Lot 7: Hybrid Mail, Digital and Transformational Communications.

**1. Background**

- 1.1 The Council's previous reliance on Royal Mail has reduced considerably following the successful introduction of hybrid mail in 2017. In the most basic terms, hybrid mail is mail delivered using both electronic and physical delivery. Digital information is transformed into a printed document as near to the final delivery address as possible. The most notable benefits include quick delivery and reduced postage costs, but reduced reliance on holding stationary stock, franking equipment and facilitating agile working are key efficiency and productivity benefits.
- 1.2 Since the Postal Services Act 2000, the mail market has opened to other service providers and, in January 2006, the final restrictions were removed. As a result, no part of the postal market is now reserved for Royal Mail alone, subject to an alternative operator having an operating licence from Ofcom.
- 1.3 The award of contract to PSL Print Management Limited in July 2017 has proved to be successful, and the contract is now up for renewal.
- 1.4 During 2021 Stoke-on-Trent City Council, utilising the Crown Commercial Service Framework RM6017 Lot 7: Hybrid Mail, Digital and Transformational Communications undertook a further

competition inviting all of the 22 providers to tender for the re-provision of their hybrid mail services. At the closing date for tender submissions 8 responses were received (10 did not respond and 4 declined to bid). Following assessment, PSL Print management Limited scored the highest marks and were subsequently awarded a contract.

- 1.5 The tenders were evaluated in accordance with the tender award criteria of 'Most Economically Advantageous Tender' (MEAT). The high level weightings were 60 marks for Technical (Quality) and 40 marks for Commercial.
- 1.6 Before the technical responses were opened and evaluated, the companies were evaluated against a compliance document to ensure capability to deliver the contract to the required standard. All the companies were able to meet the requirements set out in the document.
- 1.7 A benchmarking exercise has been undertaken by the officers of the Borough council to support best value, undertaking a comparison of:
  - The Council's current rates
  - The rates available from the Crown Commercial Service Framework RM6017 Lot 7: Hybrid Mail, Digital and Transformational Communications
  - The rates offered to Stoke-on-Trent City Council as part of the procurement, which will be made available by PSL Print Management Limited to the Borough Council

The outcome of which shows a saving for the Council of circa 10.5% for mono and 10.26% mono duplex.

## 2. **Issues**

- 2.1 The Council's current total corporate mail expenditure includes the lease, maintenance and postal charges for three separate franking machine contracts, housed at the Civic, Crematorium and Cemetery offices. It is not intended at this stage to remove the franking machines at the Crematorium and Cemetery offices as these are low cost items (£4,560 spent during 2020/21), and are currently under agreement with the provider until February 2024.
- 2.2 Officer continue to monitor the use of the number of Royal Mail licences and if no longer required will terminate accordingly to try to identify further savings for the Authority.

## 3. **Proposal**

- 3.1 To make a direct award of contract to PSL Print management Limited under the Crown Commercial Service Framework RM6017 Lot 7: Hybrid Mail, Digital and Transformational Communications for a period of 3 years with the option to extend by a further 2 x 1 year extensions to December 2026.

## 4. **Reasons for Proposed Solution**

- 4.1 The proposed solution builds on the work undertaken by Stoke-on-Trent City Council offers best value based on the submissions received and the evaluation undertaken.
- 4.2 The specification of requirements has been reviewed by officers and reflects the needs of the Borough Council.
- 4.3 Officers will continue to monitor and undertake regular review meetings with the PSL Print management Limited to ensure compliance to the specification of requirements.

## 5. **Options Considered**

- 5.1 To do nothing is not an option as the Council's current contract does not allow for a further extension of terms;
- 5.2 To run an open tender, which would involve a considerable amount of officer resource and time and is not likely to produce results which differ materially from the exercise recently undertaken at Stoke.
- 5.3 To run a further competition utilising Crown Commercial Service Framework RM6017 Lot 7: Hybrid Mail, Digital and Transformational Communications, however this would mirror the work undertaken by colleagues at Stoke-on-Trent City Council with an expected similar outcome based on the similarities of service requirements.

## 6. **Legal and Statutory Implications**

- 6.1 The recommendation is made in compliance with the Council's internal rules set out in the Council's Constitution, in line with the Crown Commercial Service Framework RM6017 agreement and the UK procurement regulations.

## 7. **Equality Impact Assessment**

- 7.1 An equalities impact assessment was undertaken at the initial tendering (Pre-qualification) stage prior to including successful providers on the Crown Commercial Services (CCS) (RM6017) Framework. No issues were identified.

## 8. **Financial and Resource Implications**

- 8.1 A budget allocation for postal services is established and spend during 2020/21 for the delivery of the hybrid mail solution was £207,140 based on this level of spend the estimated cost of the service during the life of the contract is £828,560.

## 9. **Major Risks**

- 9.1 No major risks have been identified as the service looks to maintain a business as usual approach.
- 9.2 The service provider will act as a data processor on behalf of the council, as defined by the Data Protection Act 2018, and must agree to contract terms ensuring compliance with the Act.
- 9.3 Some of the data processed will be sensitive personal data as defined by the above Act. The service provider must take appropriate care in the handling, storage and other processing of the data. Any suspected data breaches or untoward incidents must be reported to the council immediately
- 9.4 The service provider should either have a formal security certification or be prepared to undertake an exercise to identify any security weaknesses which must be resolved before commencing work.

## 10. **UN Sustainable Development Goals and Climate Change Implications**

- 10.1 The delivery of a hybrid mail solution supports UN sustainable development goals, and the Council's actions under its Climate Emergency Plan.

10.2 In particular this decision supports the following actions of the UN Sustainable Development Goals. –



11. **Key Decision Information**

11.1 Based on the contract value for the delivery of the service during its duration this is a key decision.

12. **Earlier Cabinet/Committee Resolutions**

12.1 There are none.

13. **List of Appendices**

13.1 There are no appendices.

14. **Background Papers**

14.1 There are no background papers linked to this report, albeit a copy of the specification, can be made available to the reader if required.