

Briefing Note to Transformation and Resources Overview and Scrutiny Committee

2nd September 2013

Corporate Postal Services Review

Background

In September 2012, a tender process for the procurement of corporate mail services was undertaken as part of a joint partnership between Stafford Borough Council, Cannock Chase District Council and East Staffordshire Borough Council, with Newcastle acting as lead authority on behalf of the Partnership. Two companies tendered for the work: UK Mail and Secured Mail.

In February 2013, Cabinet approved the appointment of the successful tenderer (UK Mail), subject to the satisfactory outcome of a pilot exercise later agreed to be of 6 months duration.

The pilot exercise was put in place to enable the Council and the provider to embed processes and make any changes required to ensure a smooth transition to the new service. During that time, all services have been encouraged to highlight any issues with the Customer Support section so that they could be logged and acted upon by the provider as quickly as possible. The pilot period is due to end on 31 August 2013.

Outcomes of the Pilot

- **Cost of the Service (70% of the tender evaluation criteria)**

Cost comparison of the total expenditure with Royal Mail during April, May, June and July 2012, and UK Mail (mail sort) and Royal Mail ('last mile' delivery) during April, May, June and July 2013 show a saving of £19K over the first 4 month period of the pilot, when compared to the expenditure for the same period in 2012. This equates to a potential first year saving of approximately £57K based on expected volumes. Savings of £40k were built into the 2013/14 budget.

- **Quality of Service (30% of the tender evaluation criteria)**

Feedback was requested from all Service Areas via the intranet on two occasions during the pilot period. Responses were received on those occasions from major mail users i.e. Planning Services and Revenues and Benefits. A further request for feedback was sent out via email to Wider Management Team on 12 August.

Issues

Issues identified from the major users of the mail service include:

- Items taking too long to reach recipients i.e. deadlines being missed or statutory response times/consultations shortened, such as those required by Planning Services;
- Letters taking a long time to be returned e.g. incorrectly addressed etc;
- Large letters taking an unacceptable length of time to reach recipients.

Most issues have been resolved within the pilot period or are being addressed through changes/updates in working methods by the provider and the authority.

Following feedback from the main corporate mail users, the number of issues raised during the pilot exercise was as follows:

	April	May	June	July
No. Issues Raised	12	7	8	2
Issues as % of total number of postal items sent	0.05%	0.05%	0.04%	0.01%

Management Reporting and Internal Testing

• Provider Statistics

UK Mail monitors its own service by logging when a consignment of post is collected from the Council, handed over to Royal Mail for 'final mile' delivery¹ and how many items are present at each stage. Table 1 shows UK Mail statistics for the collection of mail from the Council, sorted and handed over to Royal Mail. Items not handed to Royal Mail are returned to the Council.

Table 1 UK Mail handover statistics summary

	April	May	June	July
Items Collected	21556	11717	19930	12659
Items handed to Royal Mail	21555	11713	19928	12649
Percentage	100.00%	99.97%	99.99%	99.92%

UK Mail (in accordance with the Terms and Conditions of Service) currently hands over 98% of corporate mail to Royal Mail within 2 working days after collection. This percentage is a national figure (not organisational) and is monitored on a daily basis through its 48 mail centres.

¹ Final Mile delivery is actually from the closest Royal Mail distribution centre, determined by postcode. And may therefore be greater or less than one mile.

- **Newcastle Borough Council Test Mailing Statistics**

Customer Support also carried out internal testing during the pilot period to determine the total time taken from collection by UK Mail to delivery by Royal Mail. Envelopes of varying sizes were sent over a period of a few weeks to agreed recipients. The dates sent and received were logged and the envelopes kept for analysis. The findings are shown below:

Average Number of Days to Deliver (test mailings results)

	April	May	June	July
No of test items sent	2	19	29	11
Ave No. Days to deliver	5	4	3	3

Internal Quality Issues

Initial problems relating to the presentation of mail items for dispatch, e.g. unclear or incomplete addresses, postcodes omitted; have been mainly resolved. Clear guidelines have been issued to all staff and the quality of presentation has improved greatly and has contributed to the issues decreasing over the 6 months pilot period.

Account Management

The Council's account with UK Mail is managed by a named Client Account Manager. Meetings take place between Customer Support staff and the Account Manager on a fortnightly basis. This is working well and ensures a speedy response to queries. There is a clear escalation procedure which we can access should the need arise.

Local Authority Benchmarking

The following Local Authorities use UK Mail and have kindly provided feedback.

Stoke City Council:

- Stoke CC began using UK Mail in February 2013. Stoke CC experienced a number of initial problems but these have all been resolved by the UK Mail Account Manager;
- Any non-deliverable mail is returned within a week;
- Stoke CC state they have made 'huge savings';
- Stoke CC has built a good relationship with UK Mail.

Cannock Chase District Council:

- Cannock DC is currently in the early stages of a pilot with UK Mail;
- Cannock DC has confirmed that they are anticipating considerable savings once the changes are embedded.

Tamworth Borough Council:

- Initially delivery times were longer than anticipated, this has been monitored and has greatly improved;
- In general the new postal system works well and has saved Tamworth B.C. a considerable amount of money.

Future Business Development

Two new processing machines for Large Letters are being installed at UK Mail in September 2013. This will lead to Large Letters (type C4 items) and small packets being machine processed instead of hand processed, to allow for full tracking of these items. This new machinery will enable the Council to send small packets which we do not currently hand over to UK Mail.

UK Mail is also a Government Procurement Services approved supplier of Hybrid Mail and PacketPlus services.

Hybrid Mail would allow us to send letters electronically directly to a UK Mail print house for printing, enveloping and posting eliminating the need for printers, print consumables, paper and many post room functions reducing the annual spend on such functions. This service may be considered by the Council in the future, and is being collectively considered by other authorities within the Staffordshire region.

The PacketPlus service is a next day fully trackable service for items up to 20 kilo's which we currently do not access through UK Mail.

Proposals

The following proposals are made, following a 'lessons learned' analysis at the conclusion of the pilot:

- Discussions are taking place with Planning Services who are proactively encouraging all applicants, neighbours and third parties to use electronic communication where possible, eliminating the cost of printing letters as well as post charges;
- A review of the potential for, and impact on, increasing consultation time frames within statutory obligations with Planning Services;

- Treat critical time sensitive post² as an exception and use Royal Mail 1st Class. The additional cost would be minimal in comparison to overall savings.

Conclusion

The pilot exercise has proven to be a valuable means of ensuring that the contractual obligations of the provider are met within the timeframes. It has also given both the provider and the Council the opportunity to develop ways of working that deliver opportunities in terms of mail efficiencies and reduced costs in the future.

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² For example; statutory deadline post