Item 4

25th August 2022

Glasgow City Council

Contracts and Property Committee

Report by Director of Legal and Administration

Contact: Maureen Fitzpatrick Ext: 76406

The Provision of Postal Services – Physical Mail

Tender Reference:- GCC005618CPU

Purpose of Report:

To submit details of the Direct Award of a contract for the provision of postal services – physical mail and recommend acceptance of the most economically advantageous tender as detailed in this report.

Recommendations:

The Contracts and Property committee is requested to approve the Direct Award of a contract for the provision of postal services – physical mail to the supplier listed below.

Whistl UK Ltd
(Companies House Number 04417047)

Ward No(s): Xxxxxxxx Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

1 Background and Tender

1.1 In 2021 Glasgow City Council's ("the council's") overall spend on the provision of postal goods and services was £1.8m. This Direct Award of a contract relates to the provision of postal services of individual items posted out via onsite collection from council locations, 505,403 individual items at a cost of £0.3m (17% of the £1.8m overall spend).

1.2 The largest element of the £1.8m spend relates to offsite bulk mail, comprising 3,861,253 items at a total cost of £1.43 million (79% of overall spend and an additional 138,373 items which were sent via franking machines at a cost £0.1m (4% of overall spend). Given the significant volumes of postage that the council sends out any reduction to postage cost per item would lead to a significant saving. This should also be set against the fact that postage costs have risen significantly over recent years – second class postage costs alone have risen by 9% per annum – and are only likely to rise further in future years.

1.3 In 2021, the Council approved a review of its print and mail services, including bulk mail, onsite collection and franking machines, with the aim of achieving significant financial savings, operational benefits, better customer journeys and a reduced carbon footprint.

1.4 A project team consisting of stakeholders from Financial Services, the Corporate Procurement Unit (CPU), Chief Executives and Strategic Innovation & Technology (SIT) was formed to develop the sourcing strategy (Strategy) and deliver a new contract.

1.5 As a result of the Strategy developed, the decision was taken to transition from an onsite collection to a hybrid mail solution, along with a one stop bulk mail postal service, which will offer better value along with assisting with the Climate Action Plan. The hybrid mail service, which allows users to produce, format and issue the e-file to a central production area whereby the supplier or its sub-contractor will produce the physical items. The items are produced in a secure manner and to an agreed format ensuring that the most optimum tariff available is achieved. The items are then sent to Royal Mail for delivery via their final mile delivery service.

1.6 The Direct Award of a contract will cover the onsite collection and delivery of physical mail items, of up to 2kg, that will remain during the transition to hybrid mail. This includes standard mailings; sorted and unsorted mail; unaddressed mail; secured mail and undelivered mail. It will also deliver similar services relating to the provision of international mail services.

1.7 In line with the efficiency and effectiveness aim of the Council's Corporate Procurement and Commercial Improvement Strategy 2018-2022, located at https://www.glasgow.gov.uk/CHttpHandler.ashx?id=42092&p=0, (which promotes consideration of National and Collaborative Frameworks), it was agreed that a Direct Award process under the call off terms of Crown Commercial Services' Framework for Postal Goods and Services, reference RM6017, would be the most appropriate method to deliver this contract.

1.8 It was agreed that a 14-months contract should be implemented to allow for a smooth transition to hybrid mail. The duration of the contract is from 16th September 2022 to 30th November 2023.

1.9 The Purchase to pay route is statement billing. The detail of the consolidated invoice will be checked by each department and any discrepancies will be dealt with by the user department.

1.10 The contract will be utilised by the council family. The service areas, primarily Financial Services, will monitor the supplier's day to day operational performance and project delivery. Overall contract and supplier performance will be managed by the Corporate Procurement Unit.

2 Evaluation

2.1 The Direct Award evaluation was based on the following criteria and weightings:

Price	Quality	Quality Sub Criteria
40%	60%	Added Value/Innovation 10%
		Implementation 25%
		Use of supply chain/partners; environmental 15%
		Fair Work First (including the Real Living Wage) 10%

2.2 The evaluation scoring and estimated annual value of supplier which has been recommended for award is shown in the table below:-

Description	Supplier	Total Evaluation Score	Estimated Value (per annum)	Rank
Postal Goods, Services & Solutions – Lot 3	Whistl UK Ltd	92.0	£258,068	1

2.3 The annual estimated value represents a £44,620 (14.7%) saving against current postage rates and volumes. As stated in 1.5 volumes will transition from onsite collection to hybrid during the lifespan of this contract in order to achieve further savings.

2.4 Postage rates increase annually and rates are anticipated to increase again by 9% next year. The rates secured via this award will ensure that the Council will continue to make savings against current rates even after any increases are applied.

2.5 The recommended supplier is the incumbent therefore no mobilisation period is required.

3 Policy and Resource Implications

Resource Implications:	
Financial:	The total estimated value of the contract, based upon 2021 volumes over the 14 months period, is £301,079. The cost of the contract will be met via service areas' revenue budgets. Spend over 12 months (based upon 2021 volumes) will be £258,068 which represents a potential saving of £44,620 (14.7%) as detailed in 2.3. Further savings will be achieved during the period of the contract as the transition to hybrid mail rolls out throughout the Council.
Legal:	The report raises no new legal issues. The Director of Legal and Administration will be responsible for concluding the contract.
Personnel:	No direct personnel implications.
Procurement:	Procurement process as detailed in 1.5.
Equality and Socio-Economic Impacts: *Does the proposal support the Council's Equality Outcomes 2021-25*	Yes, the contract supports best practice in the procurement of services.
What are the potential equality impacts as a result of this report?	An EQIA is not required for this contract. The procurement process adheres to the procurement strategy which in turn supports the principles of the EQIA.
Please highlight if the policy/proposal will help address socio economic disadvantage.	Community Benefits and Fair Work First were accounted for in the procurement exercise. Fair Work First – the recommended supplier for award, Whistl UK Ltd, confirmed the following FWF in its Framework submission:

	• All staff are paid the Real Living Wage and the supplier is working towards accreditation • No use of inappropriate zero-hour contracts • Flexible working options available • Employee Forum The recommended supplier has committed to provide the following Community Benefits: • 2 x Work Experience Placement
Climate Impacts: *Does the proposal support any Climate Plan actions? Please specify:*	All appointed CCS Framework bidders were asked to confirm that all vehicles used in its postal service meets the Euro Category V1 standard.
What are the potential climate impacts as a result of this proposal?	Use of vehicles to collect mail will create carbon emissions. The recommended supplier's vehicles use computerised routing systems to optimise collection routes and reduce fuel usage. They will also roll out a new consolidated transport management system in 2022 maximising loads and reducing mileage. All of the supplier's vehicle replacements in 2021 were hybrid or electric.
Will the proposal contribute to Glasgow's net zero carbon target?	Yes, as the council transitions away from physical mail uplifts to a hybrid solution. The recommended supplier is introducing hybrid and electric vehicles and promoting electric vehicle charging points.
Privacy and Data Protection impacts:	No data protection impacts identified.

4 Recommendations

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