Item 3

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 Goods & Services – Hybrid and Bulk Mail

Tender Reference: - GCC005490CPU

Purpose of Report:

To submit details of the Direct Award of a contract for the provision of postal goods and services – hybrid and bulk mail and recommend acceptance of the award 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 goods and services – hybrid and bulk mail to the supplier listed below.

Critiqom Ltd
(Companies House number160484)

Ward No(s): Xxxxxxxx Citywide: ✓

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

1 Background and Tender

1.1 Glasgow City Council (“the council’s”) spend in 2021 on the provision of postal goods and services relating to bulk mail, comprising 3,861,253 items, was £1.43 million (79% of the councils £1.8m overall spend on postal goods and services).

1.2 The overall £1.8m spend includes the onsite collection of 505,403 individual items from council locations at a cost of £0.3m (17% of overall spend) and an additional 138,373 items which were sent via franking machines at a cost £0.1m (4% of overall spend).

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 realising significant financial savings, operational benefits, better customer journeys and a reduced carbon footprint.

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

1.5 In order to achieve the council objectives, the project team engaged with postal service suppliers to better understand how the council might redesign its mail services in line with the national and collaborative frameworks (Scottish Procurement and Crown Commercial Services) for the provision of postal goods and services.

1.6 The council currently receives a bulk and onsite mail collection from the same supplier Whistl UK Ltd. As a result of the Strategy developed the decision was taken to separate this service provision into two procurement activities/contracts; one contract for the provision of bulk and hybrid mail and the other for the provision of onsite collection and postage of mail.

1.7 Given the significant volumes of postage that the council sends out any reduction to postage cost per item would lead to a significant saving. The transition from onsite collection to hybrid mail includes a lower postage rate and will mitigate the value of future increases given postage costs have risen significantly over recent years – second class costs alone have risen by 9% per annum and are only likely to rise further in future years.

1.8 The transition from onsite collection to a hybrid mail solution, along with a one stop bulk mail postal service, will offer better value along with assisting with the Climate Action Plan.

1.9 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.

1.10 The hybrid mail solution will be rolled out across the council in stages agreed with both the supplier and client departments. It is anticipated that this service will also replace the requirement for franking machines in the first year.

1.11 Scheduled bulk mailings are fulfilled by the secure transfer of the address file and the data files (the mail template and structure) to the fulfilment location. The mail is developed, printed, sorted and delivered to the final destination to an agreed timeframe.

1.12 The recommended supplier will also provide consultancy services, these services are included within the framework rates. The supplier will provide the necessary resource, where requested, to work with the council to carry out analysis of their current mail methods and processes, positively challenge the status quo to bring benefits and efficiencies to the council, and work with and support the council through the period of implementation of any proposed changes. Advice must, where appropriate, consider the council's existing mail processes and organisational infrastructure and consider how to deal with existing legacy goods and/or services and processes effectively.

1.13 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 from the Scottish Procurement Framework for National Postal Services, reference SP-19-035, would be the most appropriate method to deliver this contract.

1.14 The duration of the contract is 3 years with an option to extend for two individual 12-months period (5 year contract if extension are taken) . The targeted start date is 16th September 2022 to 15th September 2027, inclusive of the extension.

1.15 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.

1.16 The contract will be utilised by the Council Family.

2 Evaluation

2.1 There are 2 Lots available on the Scottish Procurement Framework which were considered for use. Each Lot offers a hybrid and bulk mail services provided via a single supplier solution. To allow the council to benchmark both suppliers' solutions, formal presentations and further demonstrations of the mail solutions were given by both Lot suppliers to enable the council to make an informed decision on a preferred solution and price comparison. Both options have been closely reviewed by members of the project team, and a number of factors were considered in determining the preferred solution for the council's future print and mail partner: Implementation and Transition, Quality of Technical Hybrid Solution, Cost, Sustainability and Local Partner Status.

2.2 The recommended supplier's , Critiqom Ltd, solution also offered lower postage rates, the provision of recycled paper and envelopes at no extra cost, and simplicity of transition in bulk mail as it is the current Council supplier for bulk print services.

2.3 The supplier which has been recommended for award is shown in the table below:

Description	Supplier	Estimated Value (per annum)
Hybrid, scheduled/bulk (print and post) – Lot 2	Critiqom Ltd	£1,428,874

2.4 The anticipated annual value of the bulk post element is £1,175,871. This represents an £260,058 (18.1%) saving against current postage rates and volumes. The initial bulk post rates offered by the supplier represented a £246,283 saving and an additional £13,675 saving was achieved via commercial clarifications.

2.5 The anticipated annual value of hybrid mail going forward is £253,003. This represents a potential saving of up to 36% against current postage rates for onsite mail and franking mail. The initial hybrid rates offered by the supplier were reduced by 2.1% via commercial clarifications. However the transition to hybrid will be phased so the full saving figure may not be achieved in the first year. Transitioning to hybrid should also deliver additional savings relating to the removal of costs for franking machine leases and sundries as well as delivering additional benefits by reducing staff time spend on postal admin.

2.6 As stated in 1.7 postage rates increase annually and rates are anticipated to increase again by 9% next year. The rates secured via this award will ensure than the Council will continue make savings against current rates even after any increases are applied.

2.7 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.

3 Policy and Resource Implications

Resource Implications:

Financial: The cost of the contract will be met via service area's revenue budgets.

The total spend over the five-years duration of the contract is estimated at £7,144,375 (based on 2021 volumes).

	Spend over 12 months will be £1,428,875 (based upon 2021 volumes) which represents a potential saving of £260,058 as detailed in section 2. Further savings will be achieved during the period of the contract as the transition from onsite collection and franking machines to hybrid mail rolls out.
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 1.13.
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 goods.
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.	Fair Work First and Community Benefits were accounted for in the procurement exercise. Fair Work First – the recommended supplier confirmed the following in its Framework submission: • Supplier has signed up to the Scottish Business Pledge • All staff are paid the Real Living Wage • No use of inappropriate zero-hour contracts • Flexible working options available • Membership of Lanarkshire Credit Union Community Benefits - the recommended supplier has committed to provide the following:

	• 4 x Work Experience Placements - School • 4 x Workplace Visits • 2 x Supply Chain Briefings • 1 x Business Mentoring • 1 x Community Engagement – Financial Support (min £1k) • 3 x Community Engagement – Non-Financial (Min 5 hours)
Climate Impacts: *Does the proposal support any Climate Plan actions? Please specify:*	Moving from onsite collection to a hybrid solution reduces the requirement for vehicles to be used for mail collections in the city. All vehicles involved currently in onsite collection will comply with Euro VI or will be electric.
What are the potential climate impacts as a result of this proposal?	. Reduction in emissions due to reduction in onsite collections
Will the proposal contribute to Glasgow's net zero carbon target?	Yes, as the Council transitions away from onsite physical mail uplifts to a hybrid solution.
Privacy and Data Protection impacts:	No data protection impacts identified.

4 Recommendations

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

Critiqom Ltd
(Companies House Number 160484)