



Glasgow City Council

Contracts and Property Committee

Report by Director of Legal and Administration

Contact: Maureen Fitzpatrick Ext: 76406

Item 1

19th September 2024

The Provision of Physical Postal Services

Tender Reference :- GCC005949CPU

Purpose of Report:

To submit details of the direct award of a contract for the provision of physical postal services 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 physical postal services to the supplier listed below.

Whistl UK Limited
Companies House Number - 04417047

Ward No(s):

Citywide: ✓

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

1 Background and Tender

- 1.1 Glasgow City Council's ("the council's") current approximate spend for the provision of postal goods and services is £1.86m per annum. The tender relates only to the provision of physical postal services of individual items, posted out via onsite collection from council locations, at a cost of £245,000 per annum (13% of overall spend and accounts for 286k individual items).
- 1.2 The largest element of the £1.86m spend relates to offsite bulk mail, comprising 3.8m items at a total cost of £1.41m (76% of overall spend) and the remainder consists of an additional 138k items which were sent via franking machines at a cost £0.2m (11% of overall spend).
- 1.3 This contract for the provision of physical postal services includes the collection of mail items from various council locations and delivery to destinations. It is a necessary but diminishing service, with other methods like electronic, bulk or hybrid mail being preferred options where possible. The services are for collection and delivery only. This is separate to the hybrid mail solution which is further detailed in paragraph 1.5 below.
- 1.4 Below is a summary of current estimated usage for physical postal services:
 - Collection Volumes
 - Annual Mail Volume > 285,986
 - Annual Collections > 2,106
 - Locations > 36
 - Collection Profile
 - 4 to 5 collections per week > 2 locations, 449 collections, 216,689 mail volume, 37 average per collection.
 - 1 to 2 collections per week > 23 locations, 1,427 collections, 56,551 mail volume, 16 average per collection.
 - Ad-hoc / reactive collections > 11 locations, 230 collections, 12,746 mail volume, 11 average per collection.
 - 95% second class and 5% first class.

Volumes and locations can change subject to ongoing requirements. The services are chargeable based on a rate per item of mail.

- 1.5 Print and mail services in the council have undergone much transformational change in recent years. Following a review of mail services in 2020/21, a Print and Mail Strategy was written and implemented for the council. As part of this strategy the council is transitioning from onsite physical collection to a hybrid mail solution where practical. The hybrid mail service allows users to produce, format and issue the e-file to a central production area where 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 hybrid mail solution will be rolled out across the council in stages agreed with both supplier and client departments. There has been a delay in implementing the hybrid mail solution due to complications with the interface between council systems and the new hybrid mail system. These issues have now been resolved and the hybrid rollout commenced in July 2024.
- 1.7 The transition from onsite collection to a hybrid mail solution will offer better value along with assisting with the Climate Action Plan. The hybrid solution is not practical in all cases but as it is rolled out there will be a corresponding reduction in volumes and costs for the provision of physical mail services that are the subject of this procurement.
- 1.8 A commodity team consisting of stakeholders from Financial Services and the Corporate Procurement Unit (CPU) was formed to review and agree to the sourcing strategy to deliver a new contract.
- 1.9 In line with the effective and efficient objective within the Council's Sustainable Procurement Strategy 2023-2027, which can be located [here](#), and to support the national agenda in utilising national collaborative frameworks, it was agreed that a Direct Award of contract process from Lot 2 - Collection and Delivery of Letters, Large Letters and Parcels within UK of Crown Commercial Service (CCS) framework for Postal Services and Solutions, reference RM6280, would be the most appropriate method to deliver this contract.
- 1.10 The framework has pricing from all suppliers that was submitted when the framework was tendered. Users can either direct award or conduct a further competition if changes are required to the core specification and terms. The requirements for the council can be met from the frameworks core specification and terms.
- 1.11 It is anticipated that over the next two years there will be changes to both service requirements and service provision. The volume of physical mail is expected to reduce as we transition to a hybrid mail solution and pricing will have changed due to implementation of Royal Mail increases that are out with the control of suppliers.
- 1.12 The period of the direct award of contract is for two years plus options to extend for a further one plus one year. This period allows for a substantive period of certainty in service provision and at the end of the initial period provides an opportunity to reassess requirements as well as capability, capacity, and pricing of all suppliers.
- 1.13 The contract will be available to all council services to be utilised as and when required.

2 Evaluation

- 2.1 The 7 suppliers on lot 2 of the CCS framework were checked as to their capability and capacity to deliver the required services across the Glasgow area. 2 suppliers were identified as having the capability and capacity to meet the full physical postal services requirements of the council.
- 2.2 The award criteria for a Direct Award of contract under the CCS framework is based on price only. A benchmark was therefore undertaken, based on the framework rates and estimated volumes, against the two suppliers which have the capability and capacity to deliver the contract.
- 2.3 The contract value will be subject to the following: -
- a) Royal Mail price increases during the period of the framework that are imposed across all suppliers.
 - b) Reduction in volumes as a result of transition to hybrid solution.

It is anticipated that the net effect will be a reduction in spend on physical mail services over the next two years.

- 2.4 An additional benchmarking exercise was conducted utilising the rates available on the Scottish Government Procurement Postal Services framework (SP-19-035). This exercise confirmed that the rates secured via the CCS framework represent the best value option for the council.
- 2.5 The evaluation award value of the supplier which has been recommended for award is shown in the table below:

Description	Supplier	Value (Per annum)	Rank
Provision of Physical Mail Services	Whistl UK Limited	*£238,999	1

*Whistl UK Limited charges are based on a rate per item of mail with no minimum charges applicable. There is also no minimum quantities applied per collection.

3 Contract implementation and Supplier Management

- 3.1 The recommended supplier is the incumbent supplier and therefore no transition costs to a new supplier are applicable and no mobilisation is required to continue with the service.
- 3.2 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.

- 3.3 The outcome of our Contract Management Assessment Tool (CMAT) has deemed this contract to be categorised as medium level. The supplier will be monitored in line with our contract and supplier management process which includes tracking the suppliers performance against the key performance indicators and working collaboratively to identify opportunities of improvement and innovation.

4 Policy and Resource Implications

Resource Implications:

Financial:

The estimated annual contract spend is £238,999 per annum, totaling £477,998 during the initial two years of the contract and £955,996 if contract is extended to four years.

The approximate spend per annum is currently £245,000. This equates to a saving of £6001 per annum.

As set out in paragraph 2.3 above, postage rates are subject to Royal Mail price changes, but it is anticipated that increases will be mitigated by reduction in volumes.

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

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:

A Direct Award of contract as detailed in paragraph 1.9 above.

Council Strategic Plan:

This supports Grand Challenge 3 and Mission 2 -
Become a net zero carbon city by 2030.

Equality and Socio- Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021-25

Yes - the Sustainable Procurement Duty requires that before a contracting authority buys anything, it must think about how it can improve the social, environmental and economic wellbeing of the

area in which it operates, with a particular focus on reducing inequality.

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:-

- No use of inappropriate zero-hour contracts
- Offer flexible and family friendly working practices e.g., flexible working for all staff and Carers leave.
- Investment in workforce development that includes –
 - Apprenticeship programmes for new and existing staff.
 - national framework for succession planning.
 - Wellbeing Programme which recently won Gold at UKCCF Awards.
- Policies in place to tackle gender pay gap and create a more diverse and inclusive workplace.
- oppose the use of fire and rehire practices.

The recommended supplier has committed to provide the following Community Benefits:

- 4 x Workplace visit

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:

The recommended supplier, Whistl UK Ltd, is ISO 14001 externally accredited on its Environmental Management System and ISO 50001 externally accredited on their Energy Management System.

What are the potential climate impacts as a result of this proposal?

The use of vehicles to collect mail creates carbon emissions. Moving to a hybrid service will reduce carbon emissions.

In addition, the introduction of new technologies allows for integration of paper documents into digital workflows and thus reduce the need for physical mail.

Will the proposal contribute to Glasgow's net zero carbon target?

Yes, as the council transitions away from physical mail uplifts to digital and hybrid solutions.

All suppliers on the CCS framework agreement have committed to comply with the Procurement Policy Note 06/21: 'Taking account of Carbon Reduction Plans in the procurement of major government contracts'.

The recommended supplier has an established carbon reduction plan with a commitment to achieve net zero emissions by 2045.

Privacy and Data Protection impacts:

No data protection impacts identified.

5 Recommendations

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