

**To:** Cabinet  
**Date:** 10 February 2021  
**Report of:** Head of Business Improvement  
**Title of Report:** Project Approval and Delegated Authority to award a hybrid print and post contract

<b>Summary and recommendations</b>	
<b>Purpose of report:</b>	To seek project approval and delegated authority for the Executive Director for Communities and Customers to award a contract for the supply of a hybrid print and post solution
<b>Key decision:</b>	Yes
<b>Executive Board Member:</b>	Councillor Nigel Chapman Cabinet Member for Customer Focused Services
<b>Corporate Priority:</b>	All
<b>Policy Framework:</b>	Council Strategy 2020-24
<b>Recommendations:</b> That Cabinet resolves to:	
<ol style="list-style-type: none"> <li>1. <b>Give project approval</b> for the procurement of a hybrid print and post solution to replace the existing contract, which is ending 25<sup>th</sup> April 2021; and</li> <li>2. <b>Delegate to</b> the Executive Director of Communities and Customer Services, authority to award a contract for the Supply of a hybrid print and post solution for the Council.</li> </ol>	

<b>Appendices</b>	
Appendix 1	Risk Register

## Introduction and background

1. The Council maintains a traditional postal service for both inbound and outbound mail. The Council delivers some of its outgoing mail via a hybrid mail provider.
2. Hybrid mail is a service that allows documents to be securely transferred to a third-party for onward processing. The process can be initiated either by a user selecting the service via the File, Print option within software such as Microsoft Word, or by transmitting PDF documents or even data, for later inclusion in a template. Once the file is with the third-party, there are typically, three options. 1) the papers are printed, and delivered via organisations such as the Royal Mail, or 2) the electronic file is delivered via email, or finally, 3) an SMS (text) message is sent to the recipient, providing a link to where the document is available. Both options two and three would typically include the ability to identify if the message has been read. If it has not, the systems will revert to printing and posting the original correspondence. Because these third-parties are working with large volumes (across many organisations), economies of scale decrease the costs of postage.
3. Within the Council, the benefits of such a solution are seen in remote working flexibility, hardware, consumables, staff time and postage cost. To illustrate this point; a user would be able to send a file to the service from any location, be that home or office. There would be no need to print to a multi-functional device, so there would be a reduction in hardware and associated printing. There would be a reduction in the need for holding physical stock of letter headed stationery, inserts, or envelopes. There would be a reduction in postage costs. Users across the Council would recoup the time spent printing, collecting and processing items of outbound post, and could use that time to complete other required tasks.
4. A project has begun to review the Council's postal requirement and has been comparing the costs of internal provision against those of external, third-party provision.
5. Inbound post comes into the Council both physically and electronically. There is particular complexity and risk in the processing of inbound post. When considering the external market, there are limited suppliers. For these reasons, inbound post will be reviewed separately for improvement opportunities at a later time. This procurement therefore focuses on outbound mail.
6. The impact of Covid-19 pandemic has increased the pressures on the traditional mail service. Many Council officers are working remotely, and this has resulted in the need to consider alternative methods of processing mail. Remote working is likely to remain a key feature of how the Council operates and so a solution to enable staff access to mail documents is crucial to business operations moving forward.
7. The Council produces in the region of 300,000 bills and statements for Council Tax, Business Rates, Rents, Garages, Leaseholders and Benefits per annum. In addition to this sum, the Council produces the Tenants in Touch newsletter which is circulated to circa 8,000 tenants on a quarterly basis; some 32,000 items per annum. Tenants in Touch continues to be circulated in hardcopy as this is tenants' preference, and the Tenant Involvement team has indicated tenants are more likely to take note of the content. An electronic version of Tenants in Touch is available for download via the Council's website.

8. In 2015, a contract for a hybrid print and post solution was awarded. Awarding the contract reduced the cost of postage and also released the Council from the in-house cost of printing the documents along with purchase and maintenance of both printers and print supplies, paper folding and envelope stuffing, envelope supplies and the resource required to complete and manage the work. The Council must maintain a physical post solution as items such as the issue of reminder notices and summonses are not able to be sent electronically. This is a requirement for both Financial and Regulatory Services.
9. The Council securely transfers an electronic file of the relevant documents to the hybrid mail provider. The file includes the name and address details of the intended recipients. The hybrid mail provider receives the file, print and package the documents and then mail them to the recipients on behalf of the Council. Tenants in Touch is printed by a separate company, who then supplies the hybrid mail provider with the final copies. Tenants in Touch is distributed along with quarterly rent statements.
10. Current expenditure through this contract is in the region of £150,000 to £160,000 per annum.
11. The existing hybrid print and post contract has been extended for a period of six months (expiring 25<sup>th</sup> April 2021) with a further, optional extension of six months (expiring 25<sup>th</sup> October 2021).
12. Analysis carried out in September and October 2020, has established the Council's expenditure on post that did not use this hybrid mail contract was £107,000 per annum. This sum covered eleven months, so the extrapolated annual expenditure would be £116,000. This sum covers the cost of postage and envelopes but excludes resource cost. This postal requirement is across the Council and consists of both larger volume requirements but also ad hoc, day-to-day post. It is intended that such workload is picked up in the revised operations under consideration. Colleagues across the Council will be encouraged to issue post electronically, where appropriate, as this will reduce postage expenditure. Not all post will be able to be delivered via a third-party provider, so an outbound mail capability will continue to be required in-house.
13. This report sets out the approach to awarding a new contract for the supply of a hybrid print and post solution that could be used to expand the scope of the current use to incorporate a significant volume of additional post and also address the challenges brought about by Covid-19, and resource working remotely from Council offices. A contract would be sought to cover the needs of the Council, but could also be used by ODS Ltd and Oxford City Housing Limited if required.
14. The proposed contract value could have a ceiling of £300,000 per annum, amounting to £1,200,000 over the life of the four-year proposed contract.
15. After initial configuration, all expenditure on this contract would be revenue-based. Volumes and costs would fluctuate based on demand, and any concerted efforts to migrate to electronic delivery of communication with Council service users.

### **Procurement process**

16. The project is seeking to carry out soft market testing, in order to understand what outbound postal service offers are currently available.

17. Crown Commercial Services (CCS) provide a framework, RM6017, for the provision of Postal Goods, Services and Solutions. Lot 7 of the framework is for the provision of Hybrid Mail, Digital and Transformational Communications. There are twenty three suppliers listed against Lot 7.
18. Working with Procurement Services, the project has determined the CCS framework is the appropriate route to market for the following reasons:
  - a. the framework offers a wide range of specialist suppliers
  - b. an open tender could take longer (risking constraints around existing contractual end dates) and would not necessarily connect with any wider range of suppliers.
  - c. the framework provides an opportunity to aggregate buyer requirements and attract volume discounts.
  - d. 50% of suppliers on the framework are Small and Medium Sized Enterprises (SMEs), supporting the government's aspiration for £1 in every £3 to be spent with SMEs by 2022
19. A requirements specification has been written which will be issued to all twenty three suppliers listed under the framework to inform the mini competition. Bid responses will be evaluated by the Council, and an appropriate supplier recommended.
20. The Council is committed to paying an Oxford living wage of £10.21 to all its employees and the employees of its suppliers over eighteen years of age. This is paid against the minimum wage of £8.91 per hour. Council procurement processes set out the pay levels and request suppliers make all reasonable endeavours to comply with the Oxford living wage or the Living Wage Foundation Rate requirement.
21. A high level timetable for the project is shown below

<b>Stage</b>	<b>Date (Framework call off)</b>
Market Engagement begins	Mon 14-Dec-20
Publish Tender by	Mon 01-Mar-21
Agree preferred supplier	Fri 19-Mar-21
Request authority to award	Mon 22-Mar-21
Contract award	Tue 20-Apr-21
Implementation by	Mon 16-Aug-21

### **Financial Implications**

22. Postal services is one of the work streams managed by the Corporate Support team, within the Business Improvement Service, through a centralised budget. The current centralised budget provision is £581,000 per annum.
23. Hybrid mail providers are able to provide postal services at postage rates that are cheaper than the Council can secure. For a standard letter, the current rates differ by approximately -23%.

24. The Council would not be able to deliver all outgoing mail through a hybrid mail provider, however, based on current expenditure, and were 50% of outgoing mail delivered via this method, there might be a postage saving in the region of £12,000 per annum.
25. It should be noted that any movement toward electronic delivery of information (as opposed to physical paper delivery) will reduce the expenditure both internally and with any hybrid mail provider.

### **Legal Implications**

26. Service of summonses must be in accordance with the Criminal Procedure Rules 2020 Rule 4.2 *et seq.* Unless we have an electronic address which we can be sure is valid, we must serve a summons by first class post or in person. This necessitates hard copy documents being produced.

### **Level of risk**

27. A Risk Register is attached at Appendix 1.

### **Equalities impact**

28. An Equalities Impact Assessment is not deemed necessary for this project.

### **Data Protection impact**

29. A Data Protection Impact Assessment is required for this project. A draft has been developed, with the final version to be completed once supplier's capabilities are understood.

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**Background Papers:** None

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