

Allerdale Borough Council

Executive – 11 January 2023

Hybrid Mail Decision

Portfolio holder	Councillor Mike Johnson Portfolio Holder for Procurement
Report from	Paul Wood (Interim Chief Executive)
Wards affected	All
Is this a key decision	Yes

1.0 The reason for the decision

1.1 This report provides a summary of the activity taken to procure Hybrid Mail Services. Reviewing progress of previous procurement, and actions taken to move to a contract award. This is a summary of the most recent procurement activity for a joint procurement bringing together Carlisle, Copeland and Allerdale's requirements ahead of the transition to Cumberland Council. Allerdale has coordinated the procurement activity.

2.0 Recommendations

2.1 The report presents a recommendation to approve a contract for Hybrid Mail with DHL.

3.0 Background and Introduction

3.1 Hybrid Mail involves transforming digital data into a physical letter at distribution print centres, and then posted to a final address. Allerdale has used hybrid mail for several years. This method ensures safe and secure post and reduces the amount of work going through the post room at Allerdale saving on overheads, paper, and print costs. The service received approval to award a contract at Executive on 21st April 2021 using a direct call off on a CCS/YPO framework.

3.2 However, a change in subcontractor led to a pause on awarding on this lot on the CCS (Crown Commercial Services) /YPO (Yorkshire Procurement Organisation) Framework.

- 3.3 We have continued to 'call off' our hybrid mail requirements using our original framework contract under CCS/YPO RM 1063. However, although covered by RM1063 terms and conditions this is a temporary position, whilst subcontractor issues with main contractor were resolved.
- 3.4 Hybrid mail is a benefit for departments with large annual mail outs, such as Revenues and Benefits Service who undertake functions such as annual Council Tax billing. The three Revenue and Benefit services across the new Cumberland authority all use hybrid mail and all are in a similar position as we all use the same contractor. Therefore, representatives from the three authorities agreed to undergo a joint procurement for Cumberland. Allerdale using the RM 6017 framework
- 3.5 On the 18th of October CCS confirmed that the pause on LOT 7 was now lifted and new call offs could be put in place.

4.0 Content (to include alternative options considered)

- 4.1 In devising a procurement strategy, several actions were undertaken, and procurement approaches considered.
- 4.2 Council Officers from all three Councils who are using hybrid mail identified their service area requirements and whether there were, any lessons learnt from the previous contract, or opportunities to add value, when re-letting this contract.
- 4.3 In devising a procurement strategy, several different procurement routes were considered:

Procedure	Benefits	Disadvantages	Outcome
Open Tender	Open procedure in most cases is the default route as it generates the greatest competition and therefore more likely to offer value for money for the Council.	Costs and time for an open procurement. Costs to change supplier and additional resource, time needed by Council staff.	Rejected
Framework	RM 6017 is a specialist postal goods and services framework operated by CCS (Crown Commercial Services and YPO (Yorkshire Purchasing	Only suppliers already on the framework can be call off.	Agreed

Procedure	Benefits	Disadvantages	Outcome
	<p>Organisation). Therefore, buyers on Framework have expertise and knowledge of this market and suppliers.</p> <p>RM 6017 allows a direct call off provided value for money is demonstrated.</p> <p>The benefit of continuity and avoiding costs/time/resource to change supplier ahead of LGR meant that staying with existing supplier could demonstrate value for money. Officers in all three-service areas undertook a value for money exercise comparing framework prices.</p> <p>RM 6017 Framework can include the requirement to evolve as working practices change as we transition and then transform as a new authority, which was a benefit of this framework over G Cloud which is only for 'off the shelf' requirements.</p> <p>No additional suppliers Term and conditions to consider with this Framework (unlike G Cloud)</p>		
G Cloud	G Cloud is a cloud based digital marketplace. It is an online catalogue to buy	Only suppliers registered on G Cloud 13	Rejected

Procedure	Benefits	Disadvantages	Outcome
	<p>'off the shelf systems.'</p> <p>Over 5,000 suppliers and 40,000 services are on G-Cloud 13.</p> <p>Competitive rates and use of SMEs (90% are SME)</p>	<p>Due to vastness of suppliers on G-Cloud 13, the framework managers may have more limited knowledge of specific technical areas.</p> <p>Customers can only buy exactly what is stated. Further services, changes will require a separate call off on G Cloud.</p> <p>Although there is a hierarchy for Terms and conditions, buyers need to review suppliers T and Cs as well as CCS.</p>	

- 4.4 The project team, with procurement advice, arrived at a decision to procure a direct call on the RM 6017 CCS/YPO Framework. This option offers a direct call off, which reduces time and the costs to change provider. It is a specialist framework and therefore there is expertise and guidance from CCS and YPO in procuring services and with any potential performance issues in contract lifecycle. Legal have reviewed Terms and Conditions for the CCS contract and Supplier Terms and Conditions are not included in the CCS/YPO contract.
- 4.5 Therefore, having followed a robust process, comparing value for money assessment of costs of all three options, and having involved stakeholders from all services across the three authorities, a winning supplier DHL with Imail being the sub-contractor is the result.

5.0 Delivery arrangements

- 5.1 Hybrid mail will be a valuable tool in making processes more efficient and reducing waste. Having the right tools in place for new authority will be a crucial step in ensuring the transformation we need to undertake after vesting day.
- 5.2 The Project Executive is Paul Wood., Interim Chief Executive and the Programme Manager is Brendan Carlin. There is a Project Team and project manager with membership of all services impacted.

6.0 Implications and Impact

6.1 Contribution to Council Strategy Priorities, Outputs and Outcomes

As postage, costs continue to rise it is important that the Council looks at solutions to offer savings for physical post. Procuring a new contract for the three authorities as we move to Cumberland Council, will enable us to build on savings and efficiencies already achieved and get more Council departments using hybrid where they still need physical post.

- 6.1.1 Hybrid mail reduces the costs associated with posting mail. That is savings in the paper, ink, envelop and staff time involved in posting out mail, whilst also offering a far more secure and efficient way of delivering mail, however postal charges remain high for any physical post. Alongside this, there will be further transformation in processes as part of a programme of Transformation for the new authority.

6.2 Finance/Resource implications

There is no impact on existing budgets as hybrid mail costs are within current budgets allocated to postal services. As we get more users, adopting Hybrid mail these costs may increase as the costs to frank post reduces. As we use less physical mail overtime and different methods such as email increase, we might expect to see the overall cost of postage reduced. However, increasing price hikes for post mean that any savings are negated by price rises.

- 6.2.1 The Project Team will monitor efficiencies in adopting different technologies that free up officer time and add value for customers.

6.3 Legal and governance implications

Legal have reviewed the contract terms and conditions for this contract.

6.4 Risk analysis

A scored and mitigated risk log

Risk	Consequence	Controls required	Mitigated score
Hybrid mail not fully delivered	The project delivers a function that does not fully support the Council in delivering	Monitor through PMO	4

	priorities and transforming services		
Results of the procurement fail to achieve intended outcomes	The Council's reputation is damaged by failing to deliver and not achieving value for money for ratepayer's money.	Monitor through PMO	4

6.5 Increasing satisfaction and service

There is an opportunity to deliver significant business improvements and efficiencies through the letting of this contract. Some of these include:

- Officers and members working from home will be able to send physical post without having to access the office.
- Budget holders will be sent statements so costs can be better understood regarding what information is sent by physical post.
- Post can be tracked with a degree of assurance that post has been delivered where this is in dispute.
- Officer's time is freed up from printing and enveloping letters

6.6 Equality impacts

None

6.7 Health and Safety impacts

None

6.8 Health, wellbeing and community safety impacts

None

6.9 Environmental/sustainability impacts

Positive impact - Hybrid Mail reduces the need for council printing. Matching letters from different departments going to the same customer enables savings in paper, print and envelope. Social value objectives are set out within the service specification.

6.10 Other significant implications

None

Appendices attached to this report

Appendix number	Title of appendix
N/A	

Background documents available

Name of background document	Where it is available
N/A	

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