



## Portfolio Holder Report

The portfolio holder will make a decision on this item after seven days have elapsed (including the date of publication).

Report of:	Portfolio Holder	Date of publication
Mark Billington, Service Director People and Places	Cllr Alan Vincent, Leader and Resources Portfolio Holder	5 October 2017

### Outsourcing of the Daily / Annual Postal Service

#### 1. Purpose of report

- 1.1 To seek approval for the outsourcing of the daily and annual postal service.

#### 2. Outcomes

- 2.1 To progress our programme of efficiency savings to ensure a balanced budget.
- 2.2 To facilitate the digital transformation of services.

#### 3. Recommendation

- 3.1 That approval is given to engaging Critiqom Ltd as the council's postal service provider, via the Yorkshire Purchasing Organisation Framework, under the exemptions to contract procedures contained within the Financial Regulations and Financial Procedure Rules on the grounds that exemptions are permitted to contract procedures where a framework is available that necessitates the council not having to go out to tender, and the goods, works and services will still provide the council with best value for money.

#### 4. Background

- 4.1 In 2016/17 the council spent in excess of £103,000 (excluding elections) in respect of daily and annual postage, including paper, envelopes and postage. It is envisaged that by outsourcing the printing, enveloping and posting of daily and annual post these costs can be significantly reduced.

## **5. Key issues and proposals**

- 5.1** In 2016/17 the council spent over £91,000 on postage alone. Approximately 70% of this cost was incurred in respect of council tax, benefits and waste management administration. Of this, approximately £14,000 (based on the 2016 billing cycle) of postage would be unaffected by the proposed changes as it is already outsourced to Critiqom Ltd.
- 5.2** The council currently has a contract with Whistl in respect of outgoing post. The contract was negotiated in tandem with a number of other LA's in order to achieve more favourable postage rates. This contract is due for renewal in October 2017. Given that many of the LA's involved in the procurement of the original Whistl contract have also outsourced their outgoing postal services and introduced electronic customer portals, the volumes of post to be considered in re-negotiations have been substantially reduced. The price the council will therefore be offered is at best only marginally less expensive than that charged by the Royal Mail for conventional post.
- 5.3** In order to reduce postage costs going forward the council has the option to utilise the services of one of a small number of postal service companies who specialise in the printing, enveloping and posting of letters and correspondence. These companies offer both "hybrid" and batch mail services.
- 5.4** Hybrid mail describes the process by which individually produced A4 size correspondence generated by council officers, is printed and posted externally. Instead of selecting an internal print option on their PC's, officers would select an external print icon and the letter would be generated at, printed and posted from the service provider's premises. This would replace the current process where the officer presses the internal print button on their PC, walks to the nearest printer and prints the letter, then puts it in an envelope and sends it to Central Administration for posting. The cost of using hybrid mail is the same price per printed, enveloped and posted letter as that the council currently pay in postage alone. Given that the current favourable postage rates the council enjoys as a result of its group contract with Whistl will soon cease, by switching to a hybrid postal service, the council will continue to enjoy reduced postage charges whilst also reducing printing and stationery costs.
- 5.5** Large runs of post, for example the daily council tax billing and benefit notification runs, are commonly referred to as batch runs. Instead of printing these batch runs off internally, and incurring the associated individual paper, enveloping and postage costs, plus the costs of resources to do the work, an electronic file will be sent to the external agent. They will in turn print, envelope and post the bills and notifications out on the council's behalf. Again the costs associated with printing, enveloping and posting the bills and notifications matches the amount that the council currently pays in postage alone. By moving to a system of hybrid mail, there is the potential for significant ongoing savings.

- 5.6** The council has the option of using the YPO procurement platform to secure the services of one of the external postal companies, and can either award the contract via a shortened tender process, or via a direct award if an individual contractor can meet all the councils' requirements. These platforms contain price lists showing the charges made by all of the external contractors. Enquiries have shown that Critiqom Ltd's charges are consistently lower than other providers, and that they are able to meet the council's requirements in respect of outgoing mail.
- 5.7** As the council have been utilising Critiqom Ltd's services for the last four years for annual council tax billing and benefits notification purposes, it is proposed that a direct award of contract is made to Critiqom Ltd. This is further supported as the council's Northgate revenues and benefits system has already been configured to enable the smooth transfer of information to Critiqom Ltd for annual billing purposes. Moving to another company may well require substantial additional administrative work in order to achieve a smooth transition.
- 5.8** It is proposed that this contract be awarded for a period of 3 years, with an option for a further 2 years. This will allow officers the time to progress a number of digital projects, including the introduction of a Citizens' Access Portal, which will remove the need to send out much of the current council tax and benefits mail via traditional post. As the volumes of outgoing post will most likely have at least some influence on prices at the point the contract is renegotiated it would be advantageous to do this.
- 5.9** There are no additional costs associated with the introduction of an external contractor to handle the daily outgoing post. It is envisaged that substantial savings will be generated over the next three years through utilisation of the service. As the external print icon will be readily available on every council PC, every officer will be able to use the hybrid service. The officers working in the Contact Centre will use the facility wherever possible and all future revenues and benefits batch runs will be sent electronically to Critiqom Ltd. As revenues and benefits administration account for the largest proportion of the outgoing postal charges the savings should start to accrue immediately.
- 5.10** In the longer-term the introduction of this service should allow for consideration to be given to reductions in the number of printers located in the Civic Centre and the associated stationery and printing budgets.
- 5.11** Data Protection considerations have been taken into account owing to the nature of the outsourcing of potentially sensitive and confidential mail. However, there will still be the option to send highly confidential / sensitive information by the traditional methods if deemed appropriate. A previous site visit to Critiqom Ltd identified high levels of security in place with access to the secure printing area limited to specific staff only. A further privacy impact assessment will be carried out prior to the service commencing to ensure all risks have been identified and adequately controlled.

## 6. Delegated functions

- 6.1 The matters referred to in this report are considered under the following executive function delegated to the Resources Portfolio Holder (as set out in Part 3 of the council's constitution): "To consider departure from rule relating to financial and contractual matters if appropriate".

<b>Financial and legal implications</b>	
Finance	There are no additional costs to the council in outsourcing the daily postal service to Critiqom Ltd. It is anticipated that in doing so initial savings in postage and associated stationery costs will be in excess of £10,000 per annum, rising to around £30,000 per annum as use of the service becomes standard practice across the council. Further savings not reflected here may result from reductions in the number of printers required across the council and associated rental and utility costs.
Legal	The engagement of Critiqom Ltd as the council's postal service complies with the exemption set out in the report to Contract Procedures contained within the Council's Financial Regulations and Financial Procedure Rules.  A contract for the provision of the services will be entered into with Critiqom Ltd in accordance with the Framework's Call off procedure.

### **Other risks/implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

<b>risks/implications</b>	<b>✓ / x</b>
community safety	<b>x</b>
equality and diversity	<b>x</b>
sustainability	<b>x</b>
health and safety	<b>x</b>

<b>risks/implications</b>	<b>✓ / x</b>
asset management	<b>x</b>
climate change	<b>x</b>
data protection	<b>✓</b>

report author	telephone no.	email	date
Peter Mason	01253 887530	peter.mason@wyre.gov.uk	02/08/2017

<b>List of background papers:</b>		
name of document	date	where available for inspection
None		

**List of appendices**

None

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