

Procurement of postal services contract

To: Assets & Procurement Committee

Meeting Date: 17 July 2024

From: Sue Grace, Executive Director, Strategy & Partnerships

Electoral division(s): All

Key decision: Yes

Forward Plan ref: 2024/052

Executive Summary:

- The decision to procure a provider for the collection and delivery of letters, large letters and parcels within the United Kingdom
- The decision to procure a provider for the collection and Delivery of Letters, Large Letters & Parcels to International Destinations
- The award of contracts for the collection and Delivery of Letters, Large Letters & Parcels to both United Kingdom and International Destinations

Recommendation: a) To procure the required postal services

b) To delegate responsibility for awarding and executing a contract for the provision of a postal service following that procurement exercise for a fixed 4 year period to the Executive Director Strategy & Partnerships in consultation with the Chair and Vice Chair of the Committee

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1. Creating a greener, fairer and more caring Cambridgeshire
 - 1.1 The delivery of post to our residents can be seen as linked to a number of the council's seven ambitions as detailed below:
 - 1.2 Ambition 1 "net zero carbon emissions by 2045" as the provider will be required to sign up to the council's Climate Change Charter.
 - 1.3 Ambition 3 "health inequalities are reduced" as information supplied by post may assist understanding the needs of communities through surveys or needs assessments of individuals.
 - 1.4 Ambition 4 "...healthy, safe and independent lives through timely support" as the information provided by services to individuals can assist with informing of options for care, support and advice which promote better outcomes.
 - 1.5 Ambition 5 "people are helped out of poverty and income inequality" through information shared by post on schemes and projects to assist with access to council services.
 - 1.6 Ambition 6 "places and communities prosper because of access to good quality public services" through information shared by post on schemes and projects which can offer support and funding.
 - 1.7 Ambition 7 "children and young people have opportunities to thrive" through information shared by post on schemes and projects such as foster caring and education.

2. Background

- 2.1 The council continues to require a postal service for the large volumes of items which it posts on an annual basis. This is currently a service delivered by the Royal Mail, however we do not have a contract in place and have reported this through the breach process. It also means that this has been ongoing for a number of years without a full procurement exercise having been completed. This means that other options to the Royal Mail have not been explored and the opportunity for efficiencies or savings have not been assessed.
- 2.2 The council is still heavily reliant on an outgoing mail service to issue a wide range of information, letters and other items. The types of items issued by post include Blue Badges, bus passes, planning matters, highways notifications and social care surveys. The council is also required to issue penalty charge notices by post and this will also include those penalty notices which are to individuals with an overseas address.
- 2.3 The below table details the annual volume of items posted nationally and internationally over the last three complete financial years and the cost of postage:

2021/2022	2022/2023	2023/2024
312,410	420,373	295,659
£181,539	£202,845	£219,678

The number of international items posted in the last financial year was 3107, or just over 1%.

- 2.4 In order to achieve best value and efficiency of service for the council, with consideration of all potential suppliers, it is considered that a procurement exercise under the Crown Commercial Services RM6280 Postal Services and Solutions Framework Agreement for both national and international post is appropriate.

3. Main Issues

- 3.1 In order to achieve stability for the council's requirements and combined with the relatively limited pool of suppliers of such services, the contract will be for four years. The expected annual value of the award is £200,000.
- 3.2 The Procurement & Commercial Team have been engaged and discussions have been had with the framework owner at the Crown Commercial Service to run a further competition for postal services. There is also an opportunity for the council to form part of a wider aggregated procurement which could potentially attract greater savings. This aggregated procurement would still be via the Crown Commercial Services framework for Postal Services and Solutions. At this point, we are not aware of the potential savings or the number of councils engaging as part of the aggregated procurement.
- 3.3 There is not an option to extend the current arrangement with Royal Mail. A contract waiver is in place to enable the council to continue to issue items by post.
- 3.4 The timetable for the aggregated procurement is likely to be:
- Publish Tender - Beginning of Sept
 - Evaluation - Late Sept to late Oct
 - Award - Beginning November
 - Contract Signature - By 31st January 2025
- 3.5 A second procurement exercise may be required for the provision of overseas mail if the provider of the UK bound mail cannot provide an overseas option. Given the low level of the overseas mail then, in line with contract procurement rules, this will be an award below the Key Decision Threshold and would not return to committee for approval.

4. Alternative Options Considered

4.1 The other option would be to run an open procurement but this would only attract the same limited market of suppliers and require a longer period of time to procure.

5. Conclusion and reasons for recommendations

5.1 The conclusion is that the council should undertake a procurement exercise for the stated services which remain essential for the business of the council, and ensure that a fit for purpose provider is secured.

6. Significant Implications

6.1 Finance Implications

The council's postal budget is centralised within the Corporate Information Management budget and there is sufficient provision for the contract.

6.2 Legal Implications

There are no legal implications.

6.3 Risk Implications

The risk would be that the council is not able to post items to residents such as Blue Badges, bus passes and other important items.

6.4 Equality and Diversity Implications

None, see attached Appendix 1.

6.5 Climate Change and Environment Implications (Key decisions only)

None.

Appendix 1 Equality Impact Assessment

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Proposal being assessed: Procurement of incoming and outgoing postal service

Business plan proposal number:

Key service delivery objectives and outcomes: The procurement of a collection of post from the council to its delivery to recipients and also the delivery of incoming post to the council. This will also include a provider of a postal service to addresses abroad and types of delivery such as record and tracked. It is a critical function of the council to be able to issue and receive post. This is the procurement of a service currently with Royal Mail.

What is the proposal: A service is being procured and we will be going out to tender. There may be a change of supplier but we do not know that yet.

What information did you use to assess who would be affected by this proposal?: The people affected would be staff and recipients of post as the provider will be collecting and delivering post to both parties. The proposal to tender should not unduly affect anyone as it we will be using a provider to collect and deliver post as well as a provide of tracked/guaranteed delivery.

Are there any gaps in the information you used to assess who would be affected by this proposal?: No

Does the proposal cover: All staff countywide, All service users/customers/service provision countywide

Which particular employee groups/service user groups will be affected by this proposal?: The service is used by council staff to issue letters to all groups rather than just one or two

Does the proposal relate to the equality objectives set by the Council's EDI Strategy?: No

