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	Cabinet	Item
Report to	14 April 2021	
Report of	Director of strategy, communications, and culture	
Subject	Procurement of postal collection and delivery services	

15

KEY DECISION

Purpose

To seek approval to award a contract for postal collection and delivery services

Recommendation

To award a three-year contract for postal collection and delivery services to Royal Mail up to the value of £813,000.

Corporate and service priorities

The report helps to meet the corporate priority Great neighbourhoods, housing and environment

Financial implications

The baseline 2021/22 budget for postal services is £271.5k.

Postage is an area we have identified as part of our programme of efficiencies and service reviews. An efficiency savings target of £100k has been included in the 2021/22 budget and is anticipated to be met through reductions in printing, postage and other costs associated with channel shift.

On current budgeted volumes over three years the full contract value would be £813,000. The contract allows us to 'pay as we go' so only paying for the amount of postage we actually use. We will be making significant savings in this budget through channel shift in the current and future financial years to enable the efficiency target to be met.

Ward/s: All Wards

Cabinet member: Councillor Harris - Deputy leader and social housing

Contact officers

Nikki Rotsos, Director of strategy, communications, and culture 01603 989468

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Background documents

None

Report

Introduction

1. Norwich City Council requires a postal collection and delivery service to ensure that non-electronic written correspondence is dispatched.
2. If the service was discontinued, then it would be a high risk to the council as postal deliveries and collections could potentially cease leading to the disruption of the council's ability to provide key statutory services.
3. The current supplier of postal services to the council is Royal Mail and this contract expired on 16 February 2021.
4. Predominately correspondence is sent out 2nd class, 93%
5. Correspondence is sent out daily. The volume of post sent out in 2019/20 was 875k items, approx. 3500k per day.
6. However, for the rolling year to 31 January 2021 postage volume has decreased by 31% to 607k items. This is mainly due to the pandemic and its effect of service delivery
7. All mail attracts discounted rates for clean and machine-readable addresses from the current supplier.
8. The main users of postal services are elections, housing (rents), council tax and housing benefits sending out 75% of the total post volume.
9. The council takes advantage of bulk mail out discounts, attaching a further 23% discount. In 2019/20 263k, 30% was sent in bulk mail outs.
10. The council through its transformation program is looking at ways of decreasing post over the next three years.

Procurement process

11. To ensure compliance with the councils Contract Procedures and the Public Contract Regulations 2015 it is proposed to utilise an established procurement framework provided by ESPO.
12. The council has run a competitive exercise with suppliers on the framework to select a supplier that meets the council's needs and provides the most economically advantageous outcome.
13. This approach ensured the opportunity was competitive, encouraged value for money and was fully compliant
14. This framework will allow an award of contract until it's expiry being 30 November 2023

15. The service area has reviewed the most appropriate evaluation criteria considering the need for both price and the quality of the service provision.
16. The winning supplier has been identified as Royal Mail.
17. On current budgeted volumes over three years the full contract value would be £813,000. However, postage is an area we have identified as part of our programme of efficiencies and service reviews. This contract allows us to 'pay as we go' so only paying for the amount of postage we actually use. We are planning to make significant savings in this budget through channel shift in the current and future financial years.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with the completion of the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	14 April 2021
Director / Head of service	Nikki Rotsos / Julia Medler
Report subject:	Procurement of postal collection and delivery services
Date assessed:	10 March 2021

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The council's procurement strategy ensures the council achieves value for money for the purchase of good and services. Further competition on an established specialist framework will ensure that best value is achieved for the contract.
Other departments and services e.g. office facilities, customer contact	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

	Impact			
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<ol style="list-style-type: none"> 1. Risk of challenge from unsuccessful suppliers: The ESPO framework will follow the council procurement strategy to ensure it is open and transparent, with the award criteria being based on the most economically advantageous, but there is always a risk of challenge from unsuccessful suppliers. 2. Risk of supplier failure: There is a risk that the appointed suppliers could fail during the life of the contract. The ESPO framework will as far as possible mitigate this risk.

Recommendations from impact assessment

Positive

Negative

Neutral

Issues