



**Environment and Regeneration
Town Hall, Upper Street, N1 2UD**

Key Decision Report of the Corporate Director of Environment and Regeneration

Officer Key Decision	Date:12 December 2018	Ward(s): All
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Delete as appropriate	Exempt	Non-exempt
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SUBJECT: Procurement Strategy for Incoming and Outgoing Mail Services (mainly Parking)

1. Synopsis

This report seeks approval for the procurement strategy in respect of Incoming and Outgoing Mail Services in accordance with Rule 2.7 of the Council's Procurement Rules

This Procurement will renew and extend the current mail provision used by teams throughout the Parking service and some other services in the Public Realm division.

Incoming mail will be scanned and uploaded to appropriate workflow queues for attention. Electronic copies of outgoing mail will be retained and electronic confirmation of posting will be provided.

The current contract provision needs to be renewed. The new contract is expected to bring Incoming and Outgoing mail provision under one provider.

2. Recommendation

To approve the procurement strategy for Incoming and Outgoing Mail Services for the Parking and other Public Realm services, as outlined in this report.

3. Date the decision is to be taken:

12 December 2018

4. Background

4.1. Nature of the service

A specialist service provider is utilised to manage the incoming and outgoing mail provision for Public Realm, with the emphasis on work generated by the Parking Service. Incoming correspondence will be received by the provider, scanned, electronically batched and sent into workflow queues for officers to deal with. Outgoing statutory correspondence and other letters will be printed to remote printers, batched and sent out by Royal Mail on the day of receipt. Electronic confirmation of postings will be returned to the Council.

The current contract for this service was extended in February 2017 and the Council now needs to secure a new contract for the provision. Previously, multiple providers have been used to deliver the provision but it is anticipated that greater economies of scale could be achieved by using a single service provider.

4.2. Estimated Value

Funding for this project will be via parking revenue directly from the parking account. Based on past and current spend, and allowing for a potential increase in volumes, the contract value would be approximately £270,000 per annum. Any reduction in annual costs achieved through this contract would contribute to the savings targets that may be expected from the Traffic and Parking Services.

We are constrained by the guidelines of the Crown Commercial Services (CCS) framework agreement to limit any call-off arrangement to a two-year period after the framework agreement expires in February 2019. This contract will therefore be for two years and we estimate a cost of £540,000 in that period.

4.3. Timetable

The procurement via the CCS framework agreement must be completed before that framework's expiry in February 2019.

The Council's current contract expired on 31 January 2017 and has been extended since then. System development issues have prevented the renewal of the competitive process but we now need to progress the service procurement rather than wait for such developments to be completed.

4.4. Options appraisal

In-house solutions would require significant interfaces between various third parties and the Council's network. Communication between the third party hosted database (which will be in place by 2019) and a service provider would avoid any negative security threats to the Council and would be a more streamlined process.

Previously the provision of this service was carried out in collaboration with Camden who have since pursued their own route.

It is believed that the competitive process of a mini-competition via the CCS framework agreement would bring about the best value for money for the Council.

The preferred route is an open invitation to suppliers listed in Lot 3 (Hybrid mail) within the CCS framework agreement RM1063 Postal Goods and Services to bid in a mini-competition. This will entail extending the invitation to up to 20 suppliers

4.5. Key Considerations – References to social value and impact on staff

We will seek to add social value in line with the Council's social value standards for this procurement and will encourage interested parties to contribute according to their ability to do so. The specification encourages providers to consider what social value benefits they can add by ring-fencing 10% of the award for this criterion.

It is not believed that any TUPE, Pensions and Staffing implications will apply.

4.6. Evaluation

There are 20 suppliers listed as approved suppliers within Lot 3 of the CCS framework agreement RM1063 Postal Goods and Services. All suppliers have met the requirements of the framework, and so meet the Council's financial requirements, are competent and capable and have the necessary resources to carry out the contract.

An invitation to bid will be extended to suppliers listed in Lot 3 of the framework agreement. Tenders will be evaluated based on the tenderers' price and ability to deliver the contract works or services as set out in the award criteria in order to determine the most economically advantageous offer. The award criteria are based on 40% consideration of price, and 60% evaluation of the ability to meet the quality and social value requirements listed in the specification.

Quality requirements are an integral part of this contract as the quality of work handling and processing can determine the public perception of the Council and can influence the outcome of appeals. Similarly, output documents reflect on the image of the Service and Council, and again, quality is key to effective and legal processing of PCNs and other related functions. Quality factors will ensure a speedy, responsive, secure and reliable mail management service in line with legislation and Council policies.

Specifically, the 60% quality weighting and assessment is broken down as follows to:

- Section 1. Both Incoming Mail and Outgoing Mail (comprising 20 % of the overall score award)
- Section 2. Incoming Mail only (comprising 15% of the overall score award)
- Section 3. Outgoing Mail only (comprising 15% of the overall score award)
- Section 4. Social Value benefits (comprising 10% of the overall score award)

4.7. Business Risks

We are required to reply to most parking-related correspondence and issue statutory documents within strict legal deadlines. Incoming post, especially appeals against parking tickets, if not processed correctly, could cause inconvenience to members of the public as well as compromise income that might be due. We would manage the performance of the contractor by setting performance targets and continual monitoring of the process by means of real time reports.

The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

5. The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
5.1 Nature of the service	The service is the provision of an outgoing and incoming mail service for Public Realm, mainly Parking. See paragraph 1
5.2 Estimated value	The estimated value per year is £270,000 The agreement is proposed to run for a period of 2 years. See paragraph 4.2
5.3 Timetable	Advert - December 2018 Shortlisting – January 2019 Award February 2019 See paragraph 4.3

5.4 Options appraisal for tender procedure including consideration of collaboration opportunities	The preferred route to market is a direct award via CSS RM1063. See paragraph 4.4
5.5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	The contractor will be expected to demonstrate sustainable operational effectiveness and efficiency together with value for money in the application of any developing technology. The evaluation of quality will include social value benefits that might be offered. See paragraph 4.5
5.6 Award criteria	40% price, 50% quality requirements and 10% added social value. See paragraph 4.6
5.7 Any business risks associated with entering the contract	Delays in processing incoming or outgoing correspondence may jeopardise legal obligations. See paragraph 4.7
5.8 Any other relevant financial, legal or other considerations.	See paragraphs 6.1, 6.2 and 6.3

6. Implications

6.1. Financial implications:

The cost of the contract is estimated to be around £270k per annum and will be met from existing budgets from within the parking account.

6.2. Legal Implications:

The Council has power to procure mail services under section 111 of the Local Government Act 1972 which enables the council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The council may enter into contracts for such services under section 1 of the Local Government (Contracts) Act 1997.

Mail services fall under the heading of 'service contracts' for purposes of the Public Contracts Regulations 2015 (the Regulations). The threshold for application of the Regulations to service contracts is currently £181,302,000. The value of the proposed contract is above this threshold. The council's Procurement Rules require contracts over the value of £181,302,000 to be subject to competitive tender. In compliance with the requirements of the Regulations and the council's Procurement Rules the proposal outlined in the report is to use a framework that has been established by the Crown Commercial

Service in compliance with the Regulations. On completion of the procurement the contract may be awarded to the highest scoring tenderer subject to the tender providing value for money for the Council.

6.3. Environmental Implications

The environmental implications will be positive due to the digitization of paper correspondence which would reduce paper circulation and contribute to the Council's paperless office strategy.

6.4. Resident Impact Assessment:

The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.

No resident impact assessment has been considered necessary because there is no change in any impact and the none of the Framework providers are based in Islington.

7. Reasons for the decision:

Approval of this procurement strategy is required to ensure continuity of service for Incoming and Outgoing Mail Services for the Parking and other Public Realm services, as outlined in this report.

8. Record of the decision

I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Signed
by:

Corporate Director of Environment and
Regeneration

Date

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