

Key Decision Report of the Interim Corporate Director Community Wealth Building

Key decision report	Date: 21 May 2021	Ward(s): All
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SUBJECT: Procurement Strategy for Postal Goods and Services**1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Postal Goods and Services in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 Permission is sought for Islington to participate as part of the London Postal Board which is made of 26 local authorities to secure a new agreement on postal goods and services.

The collaboration of these boroughs will seek one supplier to provide collections and deliveries of physical mail at a fixed annual cost.

2. Recommendations

- 2.1 To approve the procurement strategy for Postal Goods and Services as outlined in this report.
- 2.2 To use Lot 3 of the Crown Commercial Service (CCS) framework on mailing services – CCS RM6017 (Lot 3) to procure the contract.

3. Date the decision is to be taken:

21 May 2021

4. Background

4.1 Nature of the service

Islington Council is currently part of a single agreement along with other local authorities which make up the London Postal Board (LPB) with a provider for postal goods and services at a contracted price. Each borough in the consortium separately contracts with the awarded provider.

The current agreement provides pre-printed envelopes with an account number to be sent out under a standard contract price model. Mailing of 1st and 2nd class items is held at fixed cost for participating local authorities.

Islington Council uses its own print services to produce the envelopes for council services with the majority of envelopes produced being 2nd class, as most mail is sent out in this way representing a saving from 1st class postings. Services that require 1st class produced have to submit a request with authorisation from a head of service.

The LPB plans to procure a single agreement for the participating boroughs. This entails the boroughs collectively putting their mail activity together in a single volume submission as part of the tender process allowing potential suppliers to know what they are tendering against.

4.2 Estimated Value

The service is funded from existing Revenue budgets for postal goods and services, with the main corporate sites such as the Town Hall and 222 Upper Street covering this via a centralised budget under the Facilities service. Postage for sites outside the main administrative provision such as 1 Cottage Road and the 245 St John Street Housing Office are funded by budgets held by Environment and Regeneration and Housing, respectively.

Based upon on previous spend for Islington for the last two years at £300k per annum, for a three (3) years + two (2) years agreement the estimated value is £1.5m. It should be noted the spend on mail is dependent on demand and can be prone to rise during high profile activities such as resident notifications when mailshots need to be sent out across the whole borough.

The cost drivers for mail relate to the year round requirement to communicate with residents on a range of council services across its departments. Some of these departments have peak mail periods in the year, such as when benefit notifications need to go out.

This agreement allows access to suppliers who operate the latest machine readable mail equipment which makes mail easier to process and drives down costs. This potentially means the LPB can work with its awarded supplier to introduce the latest postal goods and services products for participating boroughs throughout the life cycle of the contract.

4.3 Timetable

Target Date	Stage
March	Invitation for further competition Issued
April	Deadline for submissions
April	Commencement of evaluation
May	Commencement of individual borough approval processes
July	Notification of outcome of further competition to suppliers
August	Commencement of individual borough contract mobilisation
August	Go live

The current agreement started on 1 December 2016 and following a final 12-month extension will end on 15 September 2021.

4.4 Options appraisal

Two options to secure a new agreement on postal goods and services for the LPB were considered: to publicly advertise on Find a Tender Service/Contracts Finder/London Tenders Portal, or to access a CCS framework for mailing services.

Option one entails advertising the requirement via the London Tenders Portal outside of a national framework agreement which would allow any supplier to express an interest. The publicly advertised route, may attract supplier submissions without the scale to meet the demand of 26 boroughs, lengthening the evaluation process. The LPB would be required to find additional resources to cover the planning and time allocation to manage all stages of the process.

Option two is to access Lot 3 of the CCS RM6017 Postal Goods, Services and Solutions framework agreement, providing access to eight suppliers who have already undergone a rigorous prequalification and selection process in order to be included in the agreement. The framework agreement was developed in collaboration with two other public sector procurement organisations, YPO and ESPO, and is available to public sector organisations. Suppliers all meet the minimum requirements with respect to ISO9001 and ISO27001.

The preferred route is to use the CCS RM6017 framework agreement whereby the LPB can conduct a competition between suppliers who have already undergone the pre-tender selection process. The current agreement is under a CCS framework that is widely used and recognised across the council. CCS can assist with access to their support tools and advice from their category experts. The further competition encourages suppliers to provide competitive pricing based on the forecast volumes provided by the LPB.

4.5 Key Considerations

The chosen route does address the importance of social value, and is flexible in its processes to the degree that suppliers can be asked to tailor their offer to match the LPB social value priorities and to deliver local benefits supporting employment, diversity, inclusion and the Government Buying Standards on environment and sustainability to reduce carbon footprint. This provides suppliers with the opportunity to outline their current activities and policies to support these.

A single social value submission will be agreed by the boroughs on the LPB ahead of the further competition being issued in March 2021.

Below are Islington's requirements as sent to the LPB regarding social value that would need to be included within the procurement. Islington informed the LPB that we score social value at 20% and will seek assurances of its prominence during the evaluation process:

Supporting local employment

- Supplier commitment to invest in staff paying LLW aiding motivation, productivity, retention and long-term prosperity of the local economy
- Seeking to maintain as much of the related financial activity within the local economy, with employment within the local and neighboring boroughs
- Providing secure employment which facilitates the ability to develop and enhance employee skills. To be supported with policies committed to promoting equalities and diversity for BAME and people with a disability ensuring employees have the opportunity to achieve their potential.
- The expectation will be for the supplier to engage in early notification of vacancies and recruitment opportunities, extending to participation in local employment events such as job fairs and working with the local authority's employability partners.

Supporting aims to go carbon zero

- The supplier will have an environmental management policies where their business is structured to deliver its services in a sustainable manner, with actions demonstrating senior management commitment to ensure necessary actions are structured in a top down fashion for successful implementation.
- We will be looking for a supplier focused on having or progressively moving toward a sustainable transport fleet for delivery and collection services making a proactive contribution to align with the council's aim on achieving carbon zero with the reduction of detrimental CO2 emissions that impact the environment.
- There will be an expectation for their operations management to operate sustainable supply chain management where thought is given to conserve natural resources, reducing carbon emissions and carbon footprint throughout their operations. This should be underpinned by ensuring related materials used for the agreement have not come at the expense of a person having been exploited.

Supporting local activities

- Evidence from suppliers using their presence in the borough to play an important role in supporting the local community and its economy.
- Participating in local schemes where local businesses can benefit from their knowledge and business processes, extending to a development program to support local start-ups where they can benefit on how to grow sustainably.

- Evidence of opportunities supporting local businesses where accessing their services ensures money stays within the borough and supports an important source of local employment.
- The supplier's presence is also expected to be open and proactive around the area of local social enterprises and voluntary and community organisations.
- TUPE will be applicable to this contract

4.6 Evaluation

The further competition will be conducted in accordance to the processes outlined by CCS . After carrying out a competition amongst the invited suppliers under the framework agreement, bids will be evaluated according to the stated criteria.

The framework provider CCS has already assessed suppliers on their financial standing, insurance level, experience and references, environmental and health and safety procedures, business continuity plans, compliance with contract regulations and compliance with the terms and conditions.

The LPB intention within a further competition is to evaluate suppliers on price and quality that best suits all participating boroughs. The evaluation breakdown will facilitate Islington's business needs as and where permitted by the rules of the framework agreement, including proposals for the provision of deliveries and collections of mail. We will also evaluate proposals on customer service, and how a provider would contribute to monitoring by access to online portals showing mail activity.

The weightings for evaluation and award criteria are dependent on the user guidance in the framework agreement. These were advertised as 60% price and 40% quality including social value.

The LPB has been informed that it is the council's policy to assign 20% weighting to social value and will seek assurances of its importance at the evaluation stage of the process.

4.7 Business Risks

Not securing an agreement will have a detrimental impact on the deployment and management of vital mail-out services such as revenues and benefits and parking charges, and on our statutory requirements around local and national democracy in sending out electoral polling cards for its residents (which may lead to challenges from the Electoral Commission).

Not securing a corporate agreement with a provider would mean an uncoordinated and unmanaged mail operation resulting in an fragmented approach to mail within the council, potentially different mail operators being used, and corporate costs not monitored accurately.

The principal advantage of having a corporate contract of this nature is that it gives the council an opportunity to maintain its current centralised contract management, and thus to maintain and implement continuous efficiencies – through our own relationship with the provider and by maintaining a collaborative partnership with participating local authorities in the LPB. It allows us to monitor mail activity and ensure we can prepare for high volume activities such as elections.

4.8 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.

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

Relevant information	Information/section in report
1 Nature of the service	<p>Islington Council is currently part of a single agreement along with other local authorities which make up the London Postal Board (LPB) with a provider for postal goods and services at a contracted price. 4.1</p>
2 Estimated value	<p>The estimated costs are based on previous spend for Islington for the last two years at £300k per annum for a three (3) years + two (2) years agreement is £1.5m. It should be noted the spend on mail is dependent on demand and can be prone to rise during high profile activities such as resident notifications when mailshots need to be sent out across the whole borough.</p> <p>See paragraph 4.2</p>
3 Timetable	See paragraph 4.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	<p>The preferred route is to use Lot 3 of the CCS RM6017 framework agreement whereby the LPB can conduct a competition between suppliers who have already undergone the pre-tender selection process. The current agreement is under a CCS framework that is widely used and recognised across the council. CCS can assist with access to their support tools and advice from their category experts. The further competition encourages suppliers to provide competitive pricing based on the forecast volumes provided by the LPB.</p>

	See paragraph 4.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	<p>The chosen route does address the importance of social value, and is flexible in its processes to the degree that suppliers can be asked to tailor their offer to match the LPB social value priorities and to deliver local benefits supporting employment, diversity, inclusion and the Government Buying Standards on environment and sustainability to reduce carbon footprint. This provides suppliers with the opportunity to outline their current activities and policies to support these.</p> <p>See paragraph 4.5</p>
6 Award criteria	<p>The LPB intention within a further competition is to evaluate suppliers on price and quality that best suits all participating boroughs. The evaluation breakdown will facilitate Islington's business needs as and where permitted by the rules of the framework agreement, including proposals for the provision of deliveries and collections of mail. We will also evaluate proposals on customer service, and how a provider would contribute to monitoring by access to online portals showing mail activity.</p> <p>The weightings for evaluation and award criteria are dependent on the user guidance in the framework agreement: 60% price and 40% quality including social value.</p> <p>See paragraph 4.6</p>
7 Any business risks associated with entering the contract	<p>Not securing an agreement will have a detrimental impact on the deployment and management of vital mail-out services such as revenues and benefits and parking charges, and on our statutory requirements around local and national democracy in sending out electoral polling cards for its residents (which may lead to challenges from the Electoral Commission).</p> <p>See paragraph 4.7</p>
8 Any other relevant financial, legal or other considerations.	See section 4

5. Implications

5.1 Financial implications:

The annual spend on postage is around £0.3m and is funded through existing budgets from within the Facilities service, and, Environment and Housing departments.

5.2 Legal Implications:

Having access to office supplies, including postal goods and services, in an efficient manner will enable Council officers to provide statutory and other essential services to the residents of Islington. Consequently, the need to procure office supplies is incidental to the Council's statutory functions and the Council does have a specific power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions (s111(1) Local Government Act 1972).

In setting up the framework, Crown Commercial Services (CCS) carried out an open tender process compliant with the Public Procurement Regulations. Further, CCS frameworks are generally considered to have robust terms and conditions.

The Council is permitted to access this Framework and, provided the Department follows the procedures set out in the Framework, calling off services from it will be in compliance with the Public Contracts Regulations 2015 as amended by the Public Procurement (Amendment etc.) (EU Exit) Regulations 2020.

Legal services will work with the Department to provide guidance on calling-off from the Framework and in finalising the Call-off Contract.

5.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

An EIA was completed on 03/04/2020 with a procurement focused on deliveries pushing for sustainable transport with low to zero emission vehicles.

5.4 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.

An RIA was completed on 03/04/2020 with no detrimental implications identified for residents around equality, safeguarding of human rights.

6. Reasons for the decision:

6.1 It is recommended to join the participating local authorities that make up the LPB in accessing the CCS RM6017 framework on a single agreement on mail services. This allows Islington to maintain continuity in its mailing operation supporting its overall business functions where issues can be taken up via a single point of management within the council with the appointed supplier.

This will also ensure the borough continues to collaborate with other local authorities where we can share experiences in the area of mail deployment and receive the benefits in terms of learning.

A new agreement maintains access to discounted pricing on postal goods and services in accordance to the council’s aims on value for money agreements. The chosen route also allows for an agreement secured via a compliant framework with access to proven suppliers in the area of postage goods and services.

7. Record of the decision:

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

Signed by:

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Interim Corporate Director Community
Wealth Building

Date.....

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