

Decision Report – Executive Decision

Forward Plan Reference: FP/24/10/02

Decision Date: 8th November 2024

Key Decision – Yes

Award of Contract for the provision of Postal Goods and/or Services (Hybrid Mail)

Executive Member(s): Cllr. Mike Rigby – Lead Member for Economic Development, Planning and Assets

Local Member(s) and Division: All

Executive Director: Chris Hall - Executive Director Community, Place and Economy

Executive Summary

This report relates to a new contract for the provision of Postal Goods and/or Services (Hybrid Mail). The contract will enable Somerset Council staff to continue to send letters and attachments from their devices from any office or remote location.

Recommendations

That the Lead Member for Economic Development, Planning and Assets agrees:

- a) To the recommendation to appoint the contractor identified in confidential Appendix A for the provision of Postal Goods and/or Services (Hybrid Mail) for Somerset Council for an initial 28-month contract, with the option to extend by 12 months via the NHS Shared Business Services Patient/Citizen Communication & Engagement Solutions Framework.
- b) That Appendix A with the financial details is to be regarded as exempt information and to be treated in confidence, as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.

Reasons for Proposals

The current P2P contract with the current supplier expires in November 2024. Without a new contract Hybrid mail will need to cease until the new supplier is operational. The Data Protection implications of operating without a contract would be damaging both financially and reputationally for the Council. A full tender process and onboarding of a new supplier will take approximately twelve months and costs of change would be significant. In addition, services and volumes going forward are uncertain due to the impending restructure of the council which includes reorganisation of the Digital Mail Service.

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Main report and supporting information

Background and Purpose of report

1. The current P2P contract with the current supplier expires in November 2024. Without a new contract Hybrid mail will need to cease until the new supplier is operational.
2. The award of a new 28-month contract, with the option to extend by 12 months, will allow for P2P to continue, allowing for business as usual and the onboarding of legacy districts mail functions wherever possible.
3. Teams currently rely on Hybrid Mail for the fast processing, printing, inserting, enveloping and despatch of mail will need to resource these processes themselves. Given the significant reduction in business support team resources and the increased time taken for manual rather than digital processes, substantial resourcing constraints and additional staffing costs would be expected. Failure to process manually to similar timeframes may also result in delayed despatch of key documents.
4. Approximately 200,000 documents were sent via the County Hall franking machine and Post Room in 2016 before the implementation of a hybrid mail system. The significant reduction in documents sent this way enabled the former SCC to reduce the number and cost of franking machines in January 2019. Whilst some items, i.e. security cards, cannot be physically sent via Hybrid Mail, many teams are moving their standard letters to Hybrid Mail or seeking an alternative digital/online solution.
5. Somerset Council has five legacy digital print and post rooms located at Bridgwater House, Brympton Way, County Hall, Deane House and Shape Mendip. Each team operates in a different way, uses different machinery, software and also offers a different range of services in addition to the processing and electronic distribution of incoming mail and the printing and distribution of outgoing mail, this includes external print services, indexing and file scanning. The project team has been working towards rationalising and streamlining the service however due to staff changes and limited contract information in some areas of the legacy councils, this means that a significant amount of fact finding has to be done including obtaining information from contractors.
6. The intention was to reduce from five digital mailrooms to two digital mailrooms in a controlled manner to minimise the associated risks before consolidating onto one site, County Hall. The successful reduction of the mailrooms is dependant on a number of projects outside the control of Strategic Asset Management including the Revenues and Benefits project which is due for completion by September 2025, Capita are investigating a hybrid solution at Shape Mendip for implementation in June/July 2024.

7. As part of the rationale for change we proposed to implement a hybrid solution for outgoing mail which was previously route through the mailrooms which will meet GDPR requirements.
8. Due the reorganisation of the Digital Mail service, tendering for a new contract is not a viable option because of many unknowns moving forward regarding post rooms and postal services. Therefore, a 28-month framework agreement (with the option to extend by 12 months) will allow for P2P to continue, allowing for business as usual and the onboarding of legacy districts mail functions wherever possible whilst at the same time building a specification for a future tendered contract.

Links to Council Plan and Medium-Term Financial Plan

9. In relation to the Somerset Council Plan 2023-2027 this project will deliver against the priority for a flourishing and resilient Somerset.
10. The new contract will provide an opportunity for a regional supplier and for local employment opportunities. Pay as you go pricing ensures that the Council is not tied into postal volumes which will take account of reducing staff numbers and the digital shift. Staff are able to send branded postal communications from wherever they are working including hubs, one-stop shops or when working from home

Other Options Considered

11. An exercise to tender for a new supplier at this time has been discounted for the reasons set out above
12. An option the alternative is to carry on with separate contracts for individual sites. However, continuing in this way means that Somerset Council are not receiving the most competitive price and does not address the issue of the existing services being delivered without a contract set out above.
13. Utilising an online hybrid solution for mail distribution allows for significantly larger bulk discounts, which can be accessed by all teams within the council. Additionally, this approach reduces the labour intensity for users, thereby enabling them to dedicate more time to their service needs.

Key considerations for the Council

Scrutiny comments / recommendations:

14. The Chair of the Corporate and Resources will be consulted on the proposed contract.

Financial and Risk Implications

15. The project will support a number of the objectives of Somerset Council's Asset Management Strategy and the revenue costs will be met from within the Strategic Asset Management directorate revenue budget. The funding for the new contract under the Framework is within the existing Facilities Management budget and no new funding is requested.
16. At present the cost of Hybrid Mail is recharged directly to services based on the real system use. Reports show use by user, team and document volume.

Legal Implications

17. A contract extension is in place with the existing supplier until 30 November 2024. There will be seamless implementation of the new contract which will be awarded compliantly in line with the NHS Shared Business Services framework guidance.

HR / Workforce Implications

18. There are no direct HR implications arising from this report

Other Implications

Equalities Implications

19. The level of service will not change as part of this tender for service. There are no staffing or other equalities implications.

Community Safety Implications

20. There are no Community Safety implications arising from this report.

Climate Change and Sustainability Implications

21. Somerset Council have declared both a Climate and Ecological Emergency. Through that, the Council has committed to working towards making the whole county, including our own estate and operations, 'Carbon Neutral' by 2030 and to take positive action to reverse the damage on our natural habitats by man-made activity. We have also pledged to ensure that Somerset is resilient to, and prepared for, the effects of Climate Change.

Health and Safety Implications

22. There are no Health and Safety implications arising directly from this report.

Health and Wellbeing Implications

23. There are no Health and Wellbeing implications arising directly from this report.

Social Value

24. This contract will create employment opportunities for a medium-term employer.

Appendices

25. Appendix A - Confidential financial information

Background Papers

26. Digital Mail Room (DMR) Restructure Business Case

Report Sign Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	15/10/2024
Finance & Procurement	Nicola Hix / Maria G Christofi	21/10/2024
Workforce	Dawn Bettridge	15/10/2024
Asset Management	Simon Lewis	15/10/2024
Executive Director / Senior Manager	Chris Hall/Sarah Dowden	17/10/2024
Executive Lead Member	Cllr. Mike Rigby – Lead Member for Economic Development, Planning and Assets	22/10/2024
Consulted:	Councillor Name	
Local Division Members	All	
Opposition Spokesperson	Cllr. Mark Healey for Prosperity, Assets and Development	Sent 18/10/2024
Scrutiny Chair	Cllr. Bob Filmer – Scrutiny Committee – Corporate & Resources	23/10/2024