

Croydon Council

For General Release	
REPORT TO:	Councillor Mark Watson, Cabinet Member for Safety and Justice 8 August 2014
AGENDA ITEM:	
SUBJECT:	High Volume Print and Mailing
LEAD OFFICER:	Mark Fowler – Head Income Exchequer & Benefits
CABINET MEMBER:	Councillor Simon Hall, Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: <ul style="list-style-type: none">◆ As per Corporate Priority D1.1, to ensure that the Council continues to reduce its cost base throughout 2013-15 by planning and ensuring the delivery of the necessary efficiencies and cost reductions◆ Value for Money: This service will ensure Council Tax, Housing Benefit, NNDR, and Housing Rent's bulk printing and mailing is carried out at a high quality and a reduced cost.	
FINANCIAL IMPACT SUMMARY: <p>Approval of the recommendation to award a 4 year contract with 1 year extension period for the High Volume Print and Mailing is to be funded from existing revenue budget.</p> <p>The procurement provides an immediate 4.5% saving against budgets and can exceed the Councils 10% saving target going forward(detailed in Part B of this report)</p>	

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KEY DECISION REFERENCE NO. 1294

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the 5th working day after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors

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RECOMMENDATION

1.1 The Leader of the Council has delegated to the Cabinet Member for Finance and Treasury the power to make the decisions set out in the recommendations below:

The Cabinet Member for Finance and Treasury, in consultation with the Leader is recommended to:

1.2 Approve the award of a contract for the delivery of High Volume Print and Mailing Services for £2.3m for an initial period of 4 years, with the option to extend for a further year, at the value of ££475k to the bidder stated in the Part B report.

1. EXECUTIVE SUMMARY

1.1. This report seeks approval for the award of the High Volume Print and Mailing Services contract to provide the Council (particularly Income, Exchequer & Benefits and Housing services) with print and mailing services for the next 4 years with an option to extend for a further year. These services are used for communications with customers that are needed to fulfil statutory obligations.

1.2. The services include bulk and ad-hoc printing and mailing. The tender is framed to enable the Council to flex the amount of service in either direction, thus enabling the Council to benefit from any reduction in demand and avoid a premium price if demand rises.

1.3. These services will ensure the bulk printing and posting for Income, Exchequer & Benefits and Housing is carried out at a high quality but at a substantially reduced cost with an annual postage review built into the contract

<i>CCB Approval Date</i>	<i>CCB ref. number</i>
18/06/2014	CCB0894/14-15

2. DETAIL

- 2.1. The Council is required to replace its current provider of **High Volume Print and Mailing services** when the current contractual arrangements with Northgate Information Systems expire on 30th October 2014.
- 2.2. The contract is required to deliver the Council's 'business as usual' print and mailing services. The contract has been framed to enable the Council to adapt to expected and unexpected changes in relevant legislation including the introduction of Universal Credit which will require a more flexible contractual arrangement than is currently in place as the volume and content of print requirements may change as a result. The tender requirements also considered the likely changes in customer's communication preferences, changes in ICT and the expected expansion of providers of mailing services and the possible innovation in mailing services by existing and new mailing providers.
- 2.3. The proposed contract will provide for an annual review of mailing costs and allow a change to the mailing provider annually. This will enable the Council to benefit from enhanced services and lower costs in the near future. One example of enhanced services will be staff from the contractor providing mailing services reporting abandoned properties and change of occupants to the Council as a result of finding new information as they attempt delivery of post from the Council.
- 2.4. Business objectives met by this contract include:
- ◆ Security of service
 - ◆ Value for Money
 - ◆ Flexibility
 - ◆ Managed Risk and
 - ◆ Working anywhere. - A new print and mail function called "hybrid mail" enables home-workers, visiting officers and other remote staff to create and dispatch letters from their laptop. The new print contractor prints and posts the letter. Currently remote based staff have either to visit the office to print letters or arrange for an office based colleague to print and post letters.

Tender process

- 2.5. **High Volume Print and Mailing** services have been procured via a mini-competition using the Government Procurement Service Framework RM1687.
- 2.6. The tender process utilised the Council's e-tendering portal in line with Croydon's procurement procedures.
- 2.7. Five of the six organisations on the framework expressed interest in tendering but only 2 submitted full bids.
- 2.8. The contract term is 4 years with the option to extend for a further year. The termination month of the contract has been selected to fit the known annual cycle of work in the Revenues and Benefits service thereby avoiding the business critical financial year end.

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Evaluation process

- 2.9. An evaluation panel was established and assessed each submission.
- 2.10. The evaluation was conducted in accordance with the Tenders and Contracts Regulations and Corporate Evaluation Guidance.
- 2.11. A quality assessment was made for each element of the tendered services. The core evaluation panel supplemented a review of submissions (method statements, case studies & financials) with visits to both bidders' production facilities and meetings with the senior management and owners of both businesses. References were taken up with Bidders existing customers.
- 2.12. Each element of bidders' responses was evaluated and scored out of a maximum of 5, applying the scoring guide as below:
- ◆ unsuitable and / or suggests unacceptable risk 0 points
 - ◆ fails to meet requirements in a significant way 1 point
 - ◆ fails to meet requirements in some way 2 points
 - ◆ meets all the requirements ("par") 3 points
 - ◆ exceeds requirements and adds some value 4 points
 - ◆ exceeds requirements and adds significant value 5 points
- 2.13. Scores were multiplied by a weighting reflecting the importance of each element.
- 2.14. A cost assessment was made on the basis of expected volumes.
- 2.15. A weighting of 40% Quality to 60% Cost was applied.
- 2.16. This report recommends the award to the bidder with the highest combined score.

REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 2.17. Both bidders met the minimum requirements
- 2.18. The preferred bidder (Bidder 2 in the table below) had the highest overall score and achieved a higher score than Bidder 1 on both quality and price criteria.
- 2.19. The recommendation to award the contract to Bidder 2 is based on the Most Economically Advantageous Tender as scored against the published award criteria

TABLE

Summary Scores	BIDDER 1	BIDDER 2
Quality (40%)	26.02	27.1

Price (60%)	59.85	60.0
Total (100%)	85.9	87.1
Rank	2	1

- 2.20. The award criteria were approved in the CCB Strategy on 19 September 2013 as 60% price and 40% Quality. The award criteria was split in this manner to align with the Council's objective that: the new contract must represent good value with an appropriately balanced approach to cost and quality, with improved services being core to the procurement, with allied delivery of efficiency savings.
- 2.21. The marking scheme Price score of up to 60% is awarded on the basis of comparing each bidder's price against the other.
- 2.22. The preferred bidder's submission is within the Councils' budget.
- 2.23. The preferred bidder achieved the highest overall score for the Quality section of the tender. The total score adds the Price and Quality marks to give an overall evaluation of the bid against the award criteria.

3. ANY OPTIONS CONSIDERED AND REJECTED

- 3.1. The procurement process was designed to take invite 6 pre-qualified bidders from the framework to submit tenders. Two compliant tenders were submitted and evaluated.

4. FINANCIAL AND RISK ASSESSEMENT CONSIDERATIONS

- 4.1. **Print sector context:** The print sector is going through a period of rationalisation. The financial health of the sector is less strong than in previous decades as competition from digital marketing channels has reduced demand for direct mail/print marketing leading to over supply which forces down prices.
- 4.2. The financial stability of the bidders was assessed by Corporate Finance during the procurement process. A specialist external appraisal agency contributed to this assessment. Throughout the process Corporate Finance were engaged in the procurement. Financial checks will be repeated periodically and monitored.

4.3. Revenue and Capital Consequences of Report Recommendations:

- 4.3.1. Included in Part B of the report.

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4.4. Effect of the Decision:

4.4.1. The award of this Contract enables the continuation of print and mailing services from November 2014 with some service improvements at a lower cost than 2013/14. This is due to better pricing for the same volumes.

4.5. Risks:

4.5.1. In procuring the contract Finance appraised the most recent accounts for all the bidders, and has advised that the preferred bidder is sound and that the contract value is within the Finance recommended maximum transaction size.

4.5.2. The preferred bidder has provided all data within the Council's pricing model. A financial quantification of assessed risks has given the Council assurance over the robustness of savings over the contract term.

4.5.3. A large proportion of the total cost is the mailing service. A benchmarking clause in the contract allows the Council to compare the cost of comparable mailing services and select an alternative if the supplier is shown to be relatively expensive when compared to the peer group.

4.5.4. The contract allows the Council to exit the agreement after 4 years without any penalty. The contract allows the Council to reduce some volumes at will. This gives the Council the required agility and flexibility at a strategic level.

4.5.5. The Council will also pay for services monthly in arrears thereby mitigating the risk of paying for services it has not yet received.

4.6. Options:

4.6.1. Two tenders were evaluated. There were no variant bids to consider.

4.7. Future Savings / Efficiencies:

4.7.1. Subject to final contract clarifications, the preferred bidder has provided firm pricing which will reduce the future costs compared with costs in 2013/14.

4.7.2. The print costs are fixed for the term of the contract.

4.7.3. Mailing costs are will be subject to annual benchmarking and the contract allows for a change in the mailing provider on an annual basis.

Approved by:

Diane Ellender Head Finance and Deputy s151 Officer, Chief Executives Department.

5. COMMENTS OF THE COUNCIL SOLICITOR

5.1. The Council Solicitor comments that the procurement process detailed in this report complies with the requirements of the Council's Tenders and Contracts Regulations and that the proposed award of the Contract demonstrates the duty to secure Best Value under the Local Government Act 1999.

Approved by: *(Gabriel MacGregor Head of Corporate Law on behalf of the Council Solicitor and Monitoring Officer.)*

6. HUMAN RESOURCES IMPACT

6.1. There are no implications from an HR perspective with the preferred bidder.

Approved by:
Hansa Bharadia Interim HR Business Partner on behalf of the Acting Director of Workforce.

7. EQUALITIES ANALYSIS

7.1 A Stage 1 equalities analysis was undertaken and indicated that a full Equalities Impact Assessment was not required as the activity will not have any adverse impact upon any protected groups.

8. ENVIRONMENTAL IMPACT

8.1. The main environmental considerations are those relating to the office based activities of the providers arising from the provision of their service to the Council. The successful bidder's management of these impacts was reviewed during tender evaluation was found to be fully compliant.

8.2. The contract will enable resource consumption in relation to bulk and ad hoc printing to be more efficiently managed and reduced through flexible contract arrangements and application of new print technology. This will have a positive contribution towards reducing consumption of print resources.

9. CRIME AND DISORDER REDUCTION IMPACT

9.1. There are no implications on crime and disorder.

10. FREEDOM OF INFORMATION (FoI) / DATA PROTECTION CONSIDERATIONS

10.1. There are no specific Data Protection considerations arising from this report.

10.2. The Council's Procurement Strategy and Tenders & Contracts Regulations are accessible under the Freedom of Information Act 2000 as part of the Council's Publication Scheme. Information requested under that Act about the specific procurement exercise and contract which are the subject of this report, held internally or supplied by external organisations, will be accessible subject to legal advice as to its commercial confidentiality, or other applicable exemption, and whether or not it is in the public interest to do so.

11. CUSTOMER IMPACT

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- 11.1. The preferred bidder's proposed service will have a direct impact on some communication with customers reducing the time between a letters creation by Council officer and its arrival at Customers home or business.

12. HUMAN RIGHTS IMPACT

12.1. There are no human rights impacts arising from this report.

13. CONSULTATION

13.1. Stakeholder teams consulted included, but were not limited to: Council Tax, NNDR, Benefits, Housing, ICT, Customer Services, existing Service Delivery Partners; Finance; HR; Legal; Equalities and Social Inclusion; Sustainable Development; and Regeneration and Economy.

13.2. The income and Benefits and Housing departments as direct users of the current and future service area aware of the implications of the new contract both financial and operational.

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APPENDICES:

BACKGROUND PAPERS:

Initial Equalities Impact Assessment