

**Report of** Communications Officer

**Report to:** The Chief Officer Waste Management Services

**Date:** October 2014

**Subject:** Use of a distribution company for the December waste service mailing

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Adel and Wharfedale, Alwoodley, Ardsley and Robin Hood, Armley, Beeston and Holbeck, Bramley and Stanningley, Burmantofts and Richmond Hill, Calverley and Farsley, Chapel Allerton, City and Hunslet, Farnley and Wortley, Garforth and Swillington, Gipton and Harehills, Guiseley and Rawdon, Harewood, Headingley, Horsforth, Hyde Park and Woodhouse, Kippax and Methley, Kirkstall, Middleton Park, Moortown, Morley North, Morley South, Otley and Yeadon, Pudsey, Rothwell, Roundhay, Weetwood, Wetherby		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4.3 'Information relating to the financial or business affairs of any particular person (including the authority holding that information)'		
Appendices numbers: 7.1		

## Summary of main issues

1. The Council's Waste Services department issues annual communications, including collection calendars to Leeds households. This is normally through the traditional postal service, using Royal Mail or TNT.
2. The decision to save money by not issuing printed annual collection calendars at all – a cost-saving measure in itself - is under consideration however for the immediate future the opportunity to make savings by using a distribution company is being explored.
3. The council has used a distribution company on previous mailouts, but the framework contract used (connected to the old About Leeds distribution) is no longer available due to the About Leeds publication being discontinued.
4. A long-term procurement framework for waste will probably not be required, as it is proposed future mailouts will be distributed through the corporate Customer Contact Platform (CCP).

## **Recommendations**

The Chief Officer (Waste Management Services) is requested to approve the waiver of Contract Procedure Rules 8.1 and 8.2 to directly engage a distribution company to deliver the communications.

### **1 Purpose of this report**

1.1 Under Contract Procedure Rules 8.1 and 8.2 all contracts with a value of between £10k and £100k are to be competitively tendered by formally inviting a minimum of three tenders.

1.2 The purpose of this report, therefore, is to seek Chief Officer approval to waive this requirement for this single delivery as an interim measure between the old About Leeds framework (hosted in partnership with the NHS) and the proposed new CCP arrangements.

### **2 Background information**

2.1 Historically, Waste Services has mailed communications to all relevant households in Leeds at least once a year using either the traditional postal service, Royal Mail or TNT postal services (negotiated through the council's print services). Costings are included in Appendix 7.1

2.2 Consultation with other local authorities in the region has revealed that they have recently realised significant savings for mass mailings by using distribution companies. Leeds City Council has engaged a distribution company for two separate city-wide mailings previously; household-specific calendars (Summer 2012) and a generic Christmas message (December 2012). The experience demonstrated that the distribution companies' service carried too great a risk to household-specific mailouts, but that generic mailouts could be appropriate if the opportunity presented itself in future arrangements.

### **3 Main issues**

#### **3.1 Reason for Contracts Procedure Rules Waiver**

- Habit and concern about risk of error have combined to embed a known process of distribution – i.e. traditional mailing. However, this is due to be reviewed in line with the council value – “spending money wisely” – and the corporate move to a digital customer service portal.
- The recent Waste Services restructure process and change of roles has affected timeframes for thorough scrutiny of existing processes and reducing communication costs.
- The decision not to distribute, for Christmas 2014, printed calendars specific to households on one of 48 different collection arrangements opens up the opportunity to save a more significant sum by using a distribution company for a generic letter.

- Over the last month a number of distribution companies have been approached to explore what services could be offered and to provide indicative costs. One company has been selected based on value for money and deliverability.
- The Product Development Corporation (PDC) is a large national company that provides a full range of direct marketing mailing options. They were recommended by another local authority in the region which had saved money and was happy with the standards of services provided.
- Over the last month, our requests for quotes have varied – ranging from delivery of 48 calendar types to 271k households to the current requirement of a generic letter. PDC have provided prompt responses – often involving senior management input – to a range of enquiries and clarifications; and have appeared consistently confident in their ability to deliver.
- There is no internal service provider capable of undertaking the required work at a comparable cost. Extra staff on bin routes to hand deliver communications would cost an estimated £30k per week, and would be required for at least two weeks. This is therefore not considered a cost effective approach.
- On the rates quoted there is potential to save a substantial amount of money. Against using TNT postal services - the next best option - using PDC on this occasion will achieve a one-off saving of £45,964.95.

### **3.2 Consequences if the proposed action is not approved**

- 3.2.1 Loss of almost £46k potential savings, on this one occasion.
- 3.2.2 Negative impact on staff resources and project delivery timescales and deadlines, affecting waste service priorities – Alternate Weekly Collections Phase 4; Expansion of Garden Waste service; Integrated Waste Management System implementation, functionality and administration including data validation.

### **3.3 Advertising**

- 3.3.1 This work has not been advertised. Over the last month, we have made a series of enquiries to clarify what services could be offered; and clarified our needs and the scope of the work. Having done so, two other distribution companies capable of managing the volume of work required were contacted for quotes.
- 3.3.2 Both have responded, one saying that they are unable to manage this piece of work; the other that they were unable to match or beat the price already quoted.
- 3.3.3 The short timeframe we have had to look into this has precluded wider advertising.
- 3.3.4 We will extensively evaluate this mechanism while concurrently testing the future capacity of CCP to replace service mailouts as the most cost-effective method to deliver household-specific information. If the CCP is unable to deliver within projected timescales, a competitive tendering exercise will be undertaken to award a contract for the distribution of a number of future communications. This tender will be openly advertised and all companies capable of meeting the Council's requirements will be invited to bid.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Consultation has taken place with senior managers within the service and with elected members for the work to be undertaken by a distribution company. Senior managers are in agreement to proceed. The relevant Executive Board member has also agreed in principle.

## **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 There are no implications for equality and diversity and cohesion and integration.

## **4.3 Council Policies and City Priorities**

- 4.3.1 This waiver relates to 'Becoming a more efficient and enterprising council', with a focus on
- Improving how we're organised and making best use of our assets
  - Becoming more enterprising

## **4.4 Resources and Value for Money**

- 4.4.1 This option should represent value for money in terms of saving almost £46,000 in this initial instance; and potentially creating future savings following analysis and further consideration of the distribution method.
- 4.4.2 If required, future distribution services will be subjected to a competitive tender to secure the best value for money should the corporate Customer Contact Platform prove not to be a viable option.

## **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 Due to the value, the direct award of contract to the distribution company will not be subject to call-in.

## **4.6 Risk Management**

- 4.6.1 The main risks of going ahead with the decision to use a distribution company at this time will be:

4.6.1.1. Extracting and quality assuring the dataset within the timeframe.

4.6.1.2. Failure to complete the printing, bundling and delivery of items to the distribution company within the timeframe.

- 4.6.2 The main risks of not going ahead with this decision will be:

4.6.2.1. Non-realisation of £45,965 savings.

4.6.2.1. Negative impact on staff resources and project delivery timescales and deadlines, affecting waste service priorities – Alternate Weekly Collections Phase 4; Expansion of Garden Waste service; Integrated Waste Management System implementation, functionality and administration including data validation.

- 4.6.3 However, these risks must be weighed up against the risk of challenge from other distribution companies that have not been given the opportunity to demonstrate their capacity to meet the distribution requirements through a competitive tender.

## **5 Conclusions**

- 5.1 Given that two other reputable distribution companies who indicated over the telephone that they believed they could tender competitive quotes but were then unable to do so, and that a competitive tendering exercise will be considered to award a longer term contract for these services, the risk of challenge at this stage is low.

## **6 Recommendations**

- 6.1 The Chief Officer of Waste Management Services is recommended to approve the waiver of the following Contracts Procedure Rule(s):

Contracts Procedure Rules No 8.1 and 8.2 – Intermediate value procurements and award a contract to PDC. The contract shall commence on the 31 October 2014 and expire on the 26 December 2014.

## **7 Additional / confidential documents (see appendices attached)**

- 7.1 CONFIDENTIAL Comparative costings: Royal Mail, TNT, distribution company