

Wiltshire Council

Cabinet

19 March 2024

Subject: The renewal of mail printing and production contract for Revenues and Benefits 2024

Cabinet Member: Cllr Nick Botterill – Cabinet Member for Finance, Development Management, and Strategic Planning

Key Decision: Key

Executive Summary

The Revenues and Benefits Service is nearing the end of the current contract with their printing provider and need to retender for this service. The cost of production and postage has risen significantly since the original arrangements were put in place and expenditure over the next 5-year period is anticipated to be in the region of £1.75m which requires approval from Cabinet.

Since 2012 the Revenues and Benefits Service at Wiltshire Council has utilised external contractors for the production of council tax bills, business rate bills and notification letters regarding welfare benefits. Whilst significant effort has been made to provide electronic communication, the number of documents produced each year has increased in line with the growth in news homes and businesses. The team currently send in the region of 450,000 items per annum for production and dispatch.

The service is reliant on external providers who offer the agility, precision, economies of scale and postage discounts that cannot be achieved in-house.

Externalising the production of mail has brought efficiencies. The council no longer employ staff to pack envelopes and is not reliant on systems and equipment to print documents in our offices. The majority of documents are sent via an interface to the printing provider, whether that be a batch of 10,000 or a bespoke individual letter.

The provision of a high quality and timely print management service for the Revenue and Benefits Service supports the delivery of its aims and the Council's vision of a being effective and efficient.

Proposals

Cabinet is asked to approve to delegate authority to enter into the contract with the winning provider and any other relevant documentation and decisions required to the Director of Finance and Procurement.

Reason for Proposal

The report explains the reasons for the council to conduct a tender process for the provision of a printing and mailing contract for the Revenues and Benefits Service and to delegate the final decision at the end of the tender process to enter into the contract to the Director of Finance and Procurement.

The Revenues and Benefits Service in Wiltshire manages the administration of council tax for 230,000 households across Wiltshire and is one of the biggest billing authorities in the UK in terms of the number of households who are sent a bill. The service also manages the collection of business rates, income from Business Improvement Districts, the administration of Housing Benefit and assessment of Council Tax Reduction. Each of these services requires the sending of information to the liable household or business or to the individual who qualifies for a welfare benefit.

The quantity of information documents produced at annual billing is in excess of 250,000 items which require printing and dispatch within a three-week window. Each month the service issues bills and adjustment notices, reminders, and summonses in pursuit of payment and the maintenance of records and accounts, equating to a further 200,000 items per annum. The service relies on being able to produce print files and send these securely to an offsite print and mailing company to produce these documents and ensure that they are packaged and dispatched precisely, promptly and in an order (walk-sort) that achieves the greatest discount on postage costs. That the council tax bill has been used to convey information about government schemes, energy rebates for example has meant the inclusion of additional information on or together with council tax bills at short notice, which demonstrates the responsive and supportive relationship that the service is seeking along with the efficient, effective and reliable systems and processes of a specialist provider.

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Purpose of Report

1. This report sets out the reasons and requirements for securing a reputable company capable of providing a printing and mailing service to deliver the requirements of the Revenues and Benefits Service.

Relevance to the Council's Business Plan

2. Wiltshire Council has an obligation to the wellbeing of the organisation, and the communities we serve to ensure they are able to live a full and rewarding lifestyle and receive the communications required in a protected but chosen, compliant and secure way.
3. Wiltshire Council requires a hybrid print and postal solution to manage the requirement for Revenue and Benefits, as the contract for this service will expire at the end of August 2024.
4. The council's requirement for a hybrid solution, which includes automation such as electronic upload of files and bulk print and postage of bills is a vital part of the organisation and management of the council's funds.
5. Whilst services have moved to electronic methods where possible, there will be an ongoing need for the Revenues and Benefits Service to send large quantities of complex 'paper' documents to households across Wiltshire.

Background

6. The Revenues and Benefits Service has relied on the provision of a print and mail production contract since the creation of the unitary council in 2009, which created the ninth largest billing authority in England. The number of bills and supporting correspondence was too large to be printed and dispatched in house without additional, specialist equipment and the staff needed to manage that equipment.
7. The outsourcing of this function has advantages over an in-house solution. These include capacity, resilience, greater discount and lower cost per item, precision, and

allows focus of professional officer time to focus on the more technical aspects of the service responsibilities.

8. There are risks of an outsourcing approach that include the risk of information being sent to the wrong address and data protection breaches, but this risk exists with an in-house solution. To minimise the number of parties involved with the production and dispatch there is a requirement that the contractor will not sub-contract any of the work; that the contractor will have the capacity and breadth of skills to undertake all aspects of printing and production themselves. We would expect the contractor to operate and share their business Disaster Recovery Plan, demonstrate a high level of expertise concerning the security of data, data exchange and data destruction. We would expect them to operate from a number of sites from which our documents can be produced.
9. Any mistake made by the contractor has the potential to damage the reputation of the authority. There is an expectation that any successful contractor would be able to demonstrate previous experience of working with other Revenues and Benefits Services and explain the measures taken to avoid any type of data breach.
10. Regardless of how efficient a printing service is, the economies of scale it generates or the security with which documents are handled, most of the cost is incurred in postage which cannot be controlled by the contractor. By sorting post in walk sort order and merging it with documents, generates discounts on postage that we could not obtain if we were to manage the process in-house. An example of this benefit is the Economy Access service that offers the delivery of second-class post within 5 days of production at a current cost of £0.495 per item. The standard second-class rate is currently £0.75.
11. The challenge for the service is to reduce the items we send for printing and encourage people to transact with us on-line. Whilst this method is increasing in popularity, the number of households who receive an e-bill rather than a paper bill is fewer than 10,000.

Main Considerations for the Council

12. The outsourcing of mail generated by the Revenues and Benefits Service remains the most practical way of production. Whilst the service will continue to promote on-line services and take all steps to reduce the amount of correspondence issued each year, it is necessary to find a capable and experienced contractor who can meet our requirements.
13. The number of companies who can fulfil the requirements described above is small and niche, therefore reducing the options available to tender to the market.

Consultation and Communication

14. There are no consultation considerations as a result of this report.

Procurement Implications

15. The procurement will be issued using most appropriate procurement route according to the Council's contract procedure rules, UK Procurement regulations, and will follow public procurement principles of value for money, equality of treatment, transparency and proportionality.

Environmental and climate change considerations

16. The service recognises that there is considerable use of natural resources in the production and distribution of correspondence. For these reasons the service has invested in the electronic delivery of bills and some information regarding benefits. As part of this procurement consideration is given to the green credentials of any supplier to ensure that their ethos meets our requirements. Customer portals are available and enable customers to transact with the service electronically, but we must still have a mechanism to manage the production of correspondence in high volumes.
17. Despite efforts to reduce reliance on paper, the council tax bill is a document that is used for other purposes than payment, it is used for identification, and it is required by other councils to prove sole or main residence, and we must therefore provide this facility.

Equalities Impact of the Proposal

18. Customers with a visual impairment and who are subject to a council tax bill are registered as such within the council tax systems. Consequently, suppliers will be expected to produce documents in various formats for those with are known to have a visual impairment. Where instructed there will be a requirement for suppliers to print information in larger font sizes or in formats that suit the needs of the recipient.

Public Health Implications

19. There are no Public Health implications as a result of this report.

Risk Assessment

20. Changing any supplier, specifically a supplier with whom the team have worked for ten years, carries an inherent risk. The risks are varied from data breaches to failure to include vital information within the specification of a document type. (The council tax bill, for example incorporates a variety of variable fields which will require testing prior to production.)
21. The extent of the risk will vary depending on the time available to test the data shared with the winning contractor, the accuracy of the specifications and the ability of the contractor to produce clear and concise correspondence from the specifications.
22. The ability to produce concise and timely documents relies on the secure exchange of information and secure file exchange, which will require the completion of a Data

Protection Impact Assessment (DPIA) and the support of ICT Service to create appropriate methods of data exchange.

23. Each officer currently can send their letters through a secure portal and support from ICT will be needed to install or replicate the current facility and deploy software which will allow staff to work remotely and securely send documents for production without relying on an office-based printer.

Risks that may arise if the proposed decision and related work is not taken.

24. The production and dispatch of correspondence is an expensive and challenging task. Whilst the cost and risk of change is high the service needs to ensure value for money, seeking the most suitably equipped and robust provider. To provide this service in-house is deemed unviable, as set out in the body of the report.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks.

25. The Revenues and Benefits team have a good reputation for delivering change projects. They are suitably equipped and have the skills, knowledge, and experience to adapt and work with a new provider.

Risk	Action to mitigate the risk.
1. Cost	The cost of change will be high and must be offset by a substantial fall in production costs to make the transition worthwhile.
2. Complexity	The templating of documents prior to production will require extensive testing and time will be needed to prior to production to ensure documents are printed correctly. This is mitigated by the timing of the contract change so as to not coincide with the annual billing process.
3. Secure transfer of data	To ensure the secure transfer of information between parties will require involvement by the councils Information Governance and ICT Teams that they are satisfied any supplier can provide policies and assurance of the methods in place to secure the information we share with them.

Financial Implications

26. Since the contract was last tendered in 2017, the costs of postage and production costs have risen sharply. Second-class post has risen by 23% whilst the cost of first-class post has risen by 78.6%. The cost of postage is largely determined by the

Royal Mail and mailing houses agree a discounted postage rate for large volume producers which are then passed to the council. Currently we pay £0.495 postage per item using the cheapest postal rate.

27. Production costs vary depending on the price of paper, which has also increased over the last three years. Despite the benefits and economies of scale already generated by outsourcing print and production, rising postage costs mean that the Revenues and Benefits Service will spend more than £300,000 on the printing and postage of their correspondence in 2023/24.
28. For the duration of the contract, it is expected that costs for printing, production and postage of the 500,000 documents we estimate we will send each year, will exceed £1.5m.

Workforce Implications

29. There are no direct workforce implications as a result of this report..

Legal Implications

30. Any procurement exercise should be conducted in accordance with the requirements set out in Part 10 of the Council's Constitution, the SPH Manual and the Public Contract Regulations (2015). Legal Services will need to be engaged throughout this process, with the relevant legal and procurement advice sought.
31. Wiltshire Council's Legal Services must draft robust legal documentation for this matter. Legal Services will need to be consulted to review the final documentation before execution.
32. Entering any legal documentation for this matter should be in accordance with the Council's requirements as set out in Part 10 of the Council's Constitution and the SPH Manual.
33. Cabinet is requested to delegate authority to enter the contract with the provider and any other relevant documentation and decisions required to the Director of Finance and Procurement.

Overview and Scrutiny

34. Due to a meeting of Overview and Scrutiny Management Committee being cancelled, this report will be considered through discussion with the Chair and Vice-Chair of the Committee, with any comments reported to Cabinet.

Options Considered

35. The options are to remain with the existing provider or test the market and tender for the production and postage of correspondence produced by the council's Revenues and Benefit Service. It is appropriate to test the market for the reasons set out in the report.

Conclusions

36. Whilst customers are migrating to electronic means of information delivery, we must continue to provide printed documentation. The council tax bill can serve several purposes and for some households it may be the only method of communication provided by the council each year. The outsourcing of a print and production contract is the most cost effective and efficient method of ensuring the production of annual bills and benefit notifications which are complex and sensitive documents. The relationship between the council and the printing provider is vital in ensuring a responsive, precise, effective and dynamic service.

Recommendations

37. To ensure this arrangement suits the needs of the service and the council, to ensure we are achieving best value, we need to test the market and tender for the production and postage of correspondence and bills on behalf of the council's Revenues and Benefits Service.

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Appendices

None