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## Scottish Procurement and Commercial Directorate

### Buyer's guide – postal services

#### Reference SP-15-014

The Postal Services Framework Agreement covers the following services:

- Lot 1 – Physical and hybrid mail services
- Lot 2 – Scheduled/regular bulk mail (print and post)

Version 7 – June 2020

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## **1. Buyer's guide introduction**

This buyer's guide provides guidance to public sector organisations on accessing and utilising the Postal Services Framework.

## **2. Foreword and acknowledgements**

Scottish Procurement aims to deliver benefits to the people of Scotland through improved value for money for taxpayers, improved goods and services for all our citizens and economic opportunities for Scotland. This is achievable through effective collaboration throughout the procurement cycle.

## **3. Framework introduction**

Scottish Procurement has awarded a national framework for the Supply of Postal Services to Royal Mail as the single supplier for both Lot 1 and Lot 2:

Lot 1 - Physical and hybrid mail services

Lot 2 - Scheduled/regular bulk mail (print and post)

### **3.1 Access scope**

The framework agreement is available to all Scottish public bodies (for example Central Government, local authorities, higher and further education, health bodies and Special Health Boards, police and fire and rescue) and Scottish third sector bodies (for example registered charities and voluntary organisations).

**Note:** It is the responsibility of any framework public body wishing to use the framework agreement to satisfy itself that it is eligible to do so. Entitlement guidance on this can be found in Annex A of [Scottish Government Guidance on Framework Agreements](#). If there is any doubt, legal advice should be sought.

### **3.2 Start date and duration**

The agreement commenced on 1 October 2016 and will expire on 30 June 2021.

### **3.3 Procurement Reform (Scotland) Act 2014**

Buyers are reminded of the obligations contained in the [Procurement Reform \(Scotland\) Act 2014](#) in relation to the award of contracts valued equal to or greater than £50,000 including those awarded as a result of a framework call-off/mini competition.

In particular, buyers should note that in accordance with [Section 23\(2\)](#) the award of contracts must be publicised on the Public Contracts Scotland website and in accordance with [Section 35](#) contracts must be registered in the contracting authority's "contracts register".

### 3.4 Framework contract management and escalation

Scottish Procurement will manage the framework agreement at a strategic, framework level. This incorporates a number of activities including management of supplier performance issues, collating management information for the framework, coordinating feedback, supplier reviews, user feedback groups and escalations.

Framework public bodies must manage all contracts awarded via this framework at a local level and deal with day to day supplier issues with a view to resolving these locally in the first instance. Scottish Procurement will act as the escalation point should local resolution prove unsuccessful.

Framework public bodies using this framework must request their own management information and hold regular meetings with the supplier as necessary. The framework supplier is aware of the need to supply management information to the framework public bodies as part of agreed framework terms and conditions.

#### Scottish Procurement contact details

Contact name	Email	Job title	Contact number
Kath Cowan	<a href="mailto:Kathleen.cowan@gov.scot">Kathleen.cowan@gov.scot</a>	Senior Portfolio Specialist	0141 242 0129

#### Royal Mail contact details

Contact name	Email	Job title	Contact number
Helpline	<a href="mailto:publicsector@your.RM.com">publicsector@your.RM.com</a>		08456 097788
Craig Burnett	<a href="mailto:craig.burnett@royalmail.com">craig.burnett@royalmail.com</a>	Account Director	07889 070091
Willie Beaton	<a href="mailto:Willie.beaton@royalmail.com">Willie.beaton@royalmail.com</a>	Account Director	07889 070095

### 3.5 Key Performance Indicators (KPIs)

KPIs will be provided at a later date.

### 3.6. Consultancy

Royal Mail will provide the necessary resource, where requested, to work with framework public bodies to:

- carry out analysis of their current mail methods and processes

- positively challenge the status quo in order to bring benefits and efficiencies to the framework public body
- work with and support the framework public body through the period of implementation of any proposed changes

Consultancy advice is required for all services provided for the framework public body. Advice must, where appropriate, consider the framework public bodies existing mail processes and organisational infrastructure and consider how to deal with existing legacy goods and/or services and processes effectively.

### **3.7. Framework terms and conditions**

Full terms and conditions can be found on our [Knowledge Hub](#) site.

If you are not registered to access this site and are eligible to use the framework [please complete the attached template](#) and send to the Scottish Procurement contact named below at point 9.

### **3.8 Savings**

Predicted savings are in the region of 6.5% as a fixed percentage of spend compared to the overall total cost of the previous framework.

## **4. Framework pricing**

Pricing for Lot 1 and Lot 2 can be found on our [Knowledge Hub](#) site – see 3.7 above for details.

### **4.1 Pricing Lot 1 - physical and hybrid mail services**

4.1.1 The pricing schedule sets out details of the pricing of the services as at the commencement date.

4.1.2. The prices contained within the pricing schedule are firm from commencement until the date at which the Royal Mail retail price increase takes effect.

4.1.3 Price increases for physical mail will be made in line with the % increase made to the relevant retail price.

4.1.4 The percentage discount on retail prices for each product will remain the same percentage discount throughout the lifetime of the contract.

4.1.5 The maximum prices in the pricing schedule shall be the total maximum price for the stated services for example to include any and all costs, overheads, setting up costs, account management, transport, central costs, technology, reporting, billing and profit. The list is not exhaustive.

4.1.6 Accordingly the contractor may not unilaterally increase the prices in the pricing schedule. But nothing in the framework agreement prevents the contractor from improving on the prices in the pricing schedule for the purposes of a call-off contract.

4.1.7 The prices contained within the pricing schedule for hybrid mail are firm from commencement until the date at which the Royal Mail Access price increase takes effect. Any new prices shall not exceed the published Royal Mail price for the access price element of the pricing for postage and shall not exceed the percentage increase or decrease in the most recent annual change in the Consumer Price Index (CPI) at the time of the price review and as published by the Office for National Statistics, for the non-access price element of the pricing.

## **4.2 Pricing Lot 2 - scheduled/regular mail**

**4.2.1** The pricing schedule sets out details of the pricing of the services as at the commencement date.

**4.2.2** The prices contained within the pricing schedule are firm from commencement until the date at which the Royal Mail retail price increase takes effect.

**4.2.3** The prices contained within the pricing schedule are firm from commencement until the date at which the Royal Mail access price increase takes effect. Any new prices shall not exceed the published Royal Mail price for the access price element of the pricing for postage and shall not exceed the percentage increase or decrease in the most recent annual change in the Consumer Price Index (CPI) at the time of the price review and as published by the Office for National Statistics, for the non-access price element of the pricing.

**4.2.4** Accordingly, the contractor may not unilaterally increase the prices in the pricing schedule. But nothing in this framework agreement prevents the contractor from improving on the prices in the pricing schedule for the purposes of a call-off contract.

## **5. Overview of Lot 1 – physical and hybrid mail services**

### **5.1 Physical mail**

This is a 2 plus day collection and delivery and next day collection and delivery of physical mail.

#### **5.1.1 Physical mail collection**

Royal Mail will collect mail items from each customer or customer's third party collection point at a time agreed with the customer and will be responsible for the provision of equipment and labour at the collection location for loading items on to their collection vehicles.

#### **5.1.2 Physical mail materials**

Royal Mail will provide each customer with the use of materials required to fulfil their mailing requirements. Such materials are free of charge and will include:

- Labels
- Mail bags / trays
- Bag ties

- Manifest templates
- Mail cages

### **5.1.3 Physical mail – two plus day collection and delivery service coverage**

Two plus day collection and delivery service covers delivery to all UK postcodes.

### **5.1.4 Physical mail - next day collection and delivery service coverage**

Next day collection and delivery service is available Scotland wide with no geographical bias. The solution provides a next day delivery to all UK addresses.

### **5.1.5 Minimum volumes, minimum value and collection charges**

Minimum volumes will apply as detailed in the Royal Mail's pricing schedule. Collection charges are free of charge for sites mailing more than £15k per annum. Sites mailing less than £15k per annum - £787 per annum normal weekday collections for ground floor collection points. Additional floors at £196 per annum or £14.58 ad hoc/on demand per collection.

Volume related discounts may be available for international and parcel services depending on the profile and delivery destination of postings.

The products and prices quoted for physical and hybrid mail are subject to Royal Mail standard product specifications, which include, but are not limited to, minimum volume criteria, format, addressing and presentational standards and compensation levels.

If framework public bodies cannot achieve the minimum volume and/or value they are strongly advised to consider Royal Mail's hybrid mail service which is covered in this buyer's guide.

### **5.1.6 Implementation/mobilisation of physical mail**

Please contact Royal Mail to discuss the implementation/mobilisation of physical mail within your organisation.

If required, Royal Mail will carry out a full audit on your current mail practices and make recommendations as to how you can improve your mail quality and achieve maximum savings.

### **5.1.7 Royal Mail physical mail services**

There are various Royal Mail services that cover the requirement for physical mail. These include:

- Machineable letter unsorted
- Non machineable letter unsorted  
Mailsort pre-sorted 2<sup>nd</sup> class
- International letter rest of the World unsorted  
International letter Europe unsorted
- Packets and parcels

User guides for these services will be provided by Royal Mail.

### **5.1.8 Reducing the cost of physical mail services**

Royal Mail accepts all specifications and formats of post, though savings are greater based on item quality, (full training provided).

Where possible framework public bodies are recommended to undertake the following actions to ensure their mail is machine readable.

#### **5.1.9 Address format**

- Should have printed addresses.
- Address should be printed in a machine readable font as per user guide
- The font size should be as per font per user
- Fonts should always be in acceptable colours as per user guide
- The address must be full and accurate
- Address must have a full and accurate postcode as the last line
- There must be a 5 mm clear zone around the address block
- The address must have no vertical movement within window
- The address must not drop below the window
- There must be no more than a 5 degree skew with a label or in a window

#### **5.1.10 Envelopes**

Only DL, C5 and C4 envelopes can qualify for machineable items as long as:

- They are less than 100g in weight
- They are less than 5 mm thick
- They can be bent into an S shape along their longest edge
- They are cream, white, manila or pastel colour
- They meet the address format expectations as stipulated.

## **5.2 Hybrid mail**

### **5.2.1 Hybrid mail introduction**

Royal Mail's hybrid mail service allows users to develop mail items at the desktop. The software allows users to produce, format and issue the e-file to a central production area whereby Royal Mail's fulfilment partners will produce the physical items. The items are produced in a secure manner and to an agreed format ensuring that the most optimum tariff available is achieved. The items are collected by Royal Mail and delivered via their final mile delivery service.

As well as cost savings, hybrid mail provides significant stationery, process and environmental benefits.

It is important that the distinction between hybrid mail (part of Lot 1) and scheduled/regular bulk mail (Lot 2) is clearly defined. Please see section 6 for an additional guidance note on this.

## **5.2.2 Software**

Royal Mail will provide and install all necessary software at no extra cost to the customer.

## **5.2.3 Stationery**

All stationery provided to fulfil the requirement is provided at no extra cost to the customer.

## **5.2.4 Minimum volume**

There are no minimum volumes for framework public bodies to access the hybrid mail solution through Royal Mail.

## **5.2.5 Cut-off times**

The cut-off time for framework public bodies to send items is 17:00 hours.

## **5.2.6 Indicative implementation/mobilisation of hybrid mail**

Four stages to hybrid implementation and mobilisation:

- 1) **Project initiation and requirements capture of first call-off**
- 2) **Training and implementation**
- 3) **Testing and go-live**
- 4) **Post implementation review and business as usual handover**

We will then defer to business as usual processes of:

- Manage the day to day delivery of the hybrid services.
- Ensure all operational requirements and objectives are met.
- Provide face-to-face support and consultancy to framework public bodies.
- Provide ownership to ensure all programmes of work are delivered within the agreed timescales.
- Deliver performance and management information.
- Manage all change control.
- Continually review the service provision for service and cost improvement opportunities.
- Proactively support the introduction of service enhancements, new technologies, solutions and systems.
- Scope and implement all service improvements.

## **6. Overview of Lot 2 – scheduled/regular bulk mail**

### **6.1 Framework structure**

This framework is for the production and delivery of scheduled/regular bulk (print and post) mailings by Royal Mail.

It is important that the distinction between scheduled/regular bulk (print and post) mail (Lot 2) and Hybrid Mail (part of Lot 1) is clearly defined.

## 6.2 Services covered

Scheduled/regular bulk mailings are fulfilled by the secure transfer of the address file and the data files (the mail template and structure) to Royal Mail's fulfilment location. The mail is developed, printed, sorted and delivered to the final destination by Royal Mail to an agreed timeframe.

## 6.3 Implementation and mobilisation of scheduled/regular bulk mail

The mobilisation period will involve framework public bodies working closely with Royal Mail to define:

- Demand for the service.
- Contact details for key users of the service within each organization.
- Schedule of print requirements for the forthcoming year.
- Type of print requirements where known.
- If they have a preferred Royal Mail account they would like to use for the services or whether a new account will need to be set up.
- Billing requirements

This period will also be utilised to establish a secure connection via which the data will be exchanged.

Royal Mail should be contacted for further information on the required implementation and mobilisation process.

### 6.3.1 Information required from participating framework public bodies

The list below is not exhaustive and it is recognised that users of the service may not have all of the information to hand when making an initial enquiry, however, Royal Mail will work closely with each framework public body to establish as much of the following key information as possible at the enquiry stage:

- **General mailing information:** framework public bodies contact details, quantity of mailing and the target mailing date
- **Data and print information:** such as file format and layout, the method of data transmission, the format of document and what insert requirements there are
- **Fulfilment information:** Such as the pack contents and the sequence of contents

## 6.4 Stationery

All stationery provided to fulfil the requirement is provided at no extra cost to the customer.

## 7. Hybrid mail and scheduled/regular bulk mail - guidance on the distinction between the two services

### Lot 1: hybrid mail:

Hybrid mail is a service that allows users to develop their mail format and content on

their own desktop and then issue the soft letter to an off-site mail production centre for daily/ad-hoc printing and mail generation. The mail is then sorted and passed for delivery to the final destination. Hybrid mail achieves environmental benefits; reduces expenditure on stationery; and ensures that the most optimum tariff t is achieved. Services offered include:

- Both letter and large letter items
- Up to 12 pages, be either mono or colour, simplex or duplex print and can include inserts
- A bespoke customer departmental return address application
- No set-up, implementation, maintenance, training or template charges are levied
- No minimum or maximum volume

**Lot 2: scheduled/regular bulk mail:**

This is for the production and delivery of scheduled/regular or bulk mailings by Royal Mail. This mail service includes but is not limited to:

- health screening service letters
- generic health messaging
- appointment letters and reminders
- council tax notices and reminders
- environmental waster campaigns and communications
- rates notices
- housing benefit notices
- invoices
- education campaign materials
- accommodation and campus letters
- bursary notices
- prospectus packs

This is achieved via the secure transfer of address and data files to an off-site mail production centre where the address/data files are used to create the mail item; the mail is then printed, sorted and passed for delivery to the final destination. Services include:

- An inclusive price for a print, fulfilment and postage package; bespoke variants available
- Both letter and large letter items
- Either mono or colour, simplex or duplex print and can include inserts
- No minimum or maximum volume

Should you require further guidance, please contact Scottish Procurement.

## 8. Royal Mail contact details

Contact name	e-mail	Job Title	Contact phone number
Willie Beaton	<a href="mailto:Willie.beaton@royalmail.com">Willie.beaton@royalmail.com</a>	Account Director	07889 070095
Craig Burnett	<a href="mailto:craig.burnett@royalmail.com">craig.burnett@royalmail.com</a>	Account Director	07889 070091
Mail box	<a href="mailto:publicsector@your.RM.com">publicsector@your.RM.com</a>		

## 9. Scottish Procurement contact details

Contact	e-mail	Job Title	Contact phone number
Kath Cowan	<a href="mailto:Kathleen.cowan@gov.scot">Kathleen.cowan@gov.scot</a>	Senior Portfolio Specialist	0141 242 0129

## 10. Call-off order forms

Once initial contact has been made with Royal Mail, an introductory meeting has been held, and a start date for using the framework has been agreed, framework public bodies can start placing orders. Framework public bodies should consider committing to a term contract with Royal Mail, for example three years.

The following order form is available for framework public bodies to use should they wish to do so.

### EXAMPLE TEMPLATE FOR INFORMATION ONLY

LOT [enter Lot Number] CALL-OFF ORDER FORM

PART A – FOR COMPLETION BY FRAMEWORK PUBLIC BODY

<b>Framework Public Body</b>	
<b>Contract Manager and address for Notices</b>	Name: Address Phone: Email:
<b>Invoice Address (if different)</b>	
<b>Order Number</b>	
<b>Order Date</b>	To be quoted on all correspondence relating to this order form:

#### REQUIREMENTS

Commencement date:

Details of postal service required:

**As per attached Statement of Requirements.**

Date(s) and time(s) for supply of postal services (and any alternative working hours):
Invoicing frequency:
Disclosure Scotland requirements (if basic, standard or enhanced disclosure is required):
Other security requirements (for example security standards) (optional):
Milestones (including dates for completion) (optional):
Service Levels (optional – only complete if you require additional service levels):
Additional information for monthly reports (optional, if required):
Completion date:
The call-off contract shall be awarded in accordance with this order form and the framework terms and conditions for postal services, Reference SP-15-014.

**For and on behalf of the framework public body:**

Name and Title	
Signature	
Date	

**PART B – FOR COMPLETION BY – Royal Mail**

<b>Contractor</b>	
<b>Contract Manager and address for Notices</b>	Name: Address: Phone: Fax: Email:

<b>Contractor's response</b>
Contractor's response to the statement of requirements:  <b>As per attached contractor response.</b>
Confirm price:
Confirm commencement date:
List key personnel:

List sub-contractors:

The contractor's response is appended. For and on behalf of the contractor:

<b>Name and title:</b>	
<b>Signature:</b>	

## 11. Frequently Asked Questions

### What are Royal Mail's Fair Work Practices for Workers?

Royal Mail has confirmed that they:

- Are recognised by the Living Wage Foundation as a best in industry employer.
- Pay all permanent employees at least the living wage rate set by the Living Wage Foundation.
- Sub-contracting staff at CFH Docmail Ltd (Lot 2) are paid over the National Living Wage rate.
- Do not use zero hours contracts for permanent staff.
- Are featured in The Times Top 50 Employers for Women.
- In 2015, had 101 female employees who attended the Springboard Development Programme which enables women to identify the clear, practical and realistic steps that they want to take to make a better world for themselves at work and home, whilst building the practical skills and confidence to take these steps.
- Participate as one of 11 national partners in Business in the Community's Ready for Work programme which helps long term unemployed people to find jobs. In 2014-15 they offered 40 placements under the scheme.
- Are a signatory to the Government's Think, Act, Report Initiative;
- Work with Business in the Community's Opportunity Now and the Race for Opportunity programmes which promote equal opportunities best practice.
- Invested over £24.8 million in training during the last financial year (2014-15).
- Provide other key staff benefits including: paid holidays, sick leave, maternity and paternity leave, adoption leave; a defined contribution pension scheme for new employees; via the sports foundation, healthy living and blood donation onsite.

### What is Royal Mail's Sustainability Policy?

Royal Mail has confirmed the following:

#### Corporate and Social Responsibility

For Royal Mail, being a responsible business means treating our people well; being efficient and competitive for our customers; protecting the information we transport;

supporting local communities and managing environmental impacts.

### **Delivering Economic and Social Benefit**

We promote equal opportunities, providing job opportunities for all. Our apprenticeships help young people into work, while graduate programmes provide the opportunity to advance careers quickly. Our Ready for Work scheme supports the long-term unemployed, and we work with Remploy to support those with disabilities.

### **Environmental Strategy**

The management of our environmental impacts is integral to how we do business.

We follow a continuous improvement strategy, focused on four key areas:

Climate and Energy - we aim to achieve a 20% reduction in emissions (including scopes 1, 2 and 3) by 2020-21, compared to a 2004–05 baseline. We achieved a 16% reduction against the baseline in 2014/15.

We have introduced more double-deck trailers in our fleet, carrying up to twice as many letters and parcels in every journey. We have worked to improve driver behaviour towards improved safety and fuel efficiency and are investing in energy efficiency projects to reduce electricity use.

Waste reduction - our waste strategy is structured according to the five Rs: refuse, reduce, reuse, recycle and reform. We diverted 78% of waste from landfill last year, surpassing our 70% target for the year.

Water use - committing to managing water effectively and efficiently is a key part of our strategy. We have focused on gaining a better understanding of our water footprint and developing a more representative dataset of usage, recording 1% fall in water usage during 2014-15.

Our hybrid partner CFH also maintains a key focus on sustainability and the environment through its commitment to good business practice and careful use of resources, with environmental objectives to:

- Reduce rejected product.
- Improving the success rate of customer communications – resulting in the need for fewer communications to receive positive results.
- Reduce waste.
- Reduce environmental impacts.

### **How do I obtain information about an Online Business Account?**

Please contact Royal Mail directly for advice, support guidance and training.

Email: [Royalmail.com/oba](mailto:Royalmail.com/oba)

Phone: 08456 097786