

	<h2 style="margin: 0;">ACTION TAKEN UNDER DELEGATED POWERS BY OFFICER</h2>
<b>Title</b>	<b>Royal Mail Post Contract 1 year Extension</b>
<b>Report of</b>	Deputy Chief Executive
<b>Wards</b>	All
<b>Status</b>	Public
<b>Enclosures</b>	None
<b>Officer Contact Details</b>	Simon Hime Document Centre Manager 020 8359 2046

## Summary

The Council is currently operating a postal contract with Royal Mail which, started in September 2016. This has the option to extend for a further year. It was a jointly procured contract, with 28 other London Borough, through the Crown Commercial Service. The underlying aim was that pooling all the Boroughs postal volumes, would secure a far greater discount offering than could be offered by a stand- alone contract. This contract has been working very well, with savings in 2018/19 in excess of £75,000. The Council have already given the authority via the Corporate Procurement Forward Plan 2019/20 to re-engage (with the London Boroughs Postal group), a new post contract via Crown Commercial Services. This process is envisaged to start in January 2020.

This report requests approval for an extension to the existing Postal contract for a year to provide business continuity while a re-tender process gets underway.

## Decisions

1. **To approve the extension for a further 1 year from 14<sup>th</sup> September 2019, to continue arrangements with the existing supplier, Royal Mail.**

## **1. WHY THIS REPORT IS NEEDED**

- 1.1 In September 2016, The Council entered into a contract with Royal Mail for a period of 3 years. The authority was given via a DPR Cabinet Member report. The Council had the option to extend this contract for a year.
- 1.2 A collaboration called the London Postal Group came together, made up from 28 London Boroughs, to consolidate their postage spend and commence a mini-competition for postal services via the CCS 782 framework. The underlying thesis was that combining all post volumes would secure good savings for all the councils involved.
- 1.3 As a London group, it was decided to extend this contract for a further year, until September 2020, which will provide business continuity while a re-tender process gets underway early in 2020.
- 1.4 The Council has already secured authority to enter into negotiations for a new contract via the Corporate Procurement forward plan 2020, approved on 13 January 2015. It is therefore requested that in order to ensure continuity of service and to enable the council to carry out an effective procurement exercise resulting in best value contracts, the Committee approve the decisions contained in this report.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 As it was procured by a collaboration of London Boroughs, the group were unsure whether it would want to extend the contract beyond the original term. We had the option of a one year extension which the Group have decide to utilise and allow time for the re-tender.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 The Council are seeking authority to extend the existing contract procured through the Crown Commercial Services. The procurement of the original Postal contract was carried out in accordance with EU public procurement rules and the Council's Contract Procedure Rules, as a new procurement exercise is not starting until early 2020, this is the only option available at this time.

## **4. POST DECISION IMPLEMENTATION**

- 4.1 The Council have secured authority to re-tender the Postal Contract, which will start early in the new year, with a planned contract start date of September 2020.
- 4.2 The Mailroom service will continue to achieve the savings as described with no disruption to service.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Corporate Priorities and Performance**

- 5.1.1 By having access to appropriate, cost effective and fit for purpose contracts, the Mailroom can support all Service Areas within the Council to achieve their priorities and ensure that residents and businesses are supported and grow sustainably.
- 5.1.2 The above feeds into the Corporate Plan 2019/2024 and helps towards Councils approach of providing value for money for the taxpayer, managing our Finances and contracts robustly and collaborating with other London Boroughs.

## **6. Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 6.1.1 The approximate spend with Royal Mail for the 1 year extension is £250,000. This spend is covered by all Services Area post budgets.

This post contract works on costs per item, on actual volumes. Hence if the volume of post decreases due to services finding alternative ways to communicate, the spend and savings figures will drop accordingly. The Council are currently posting approximately 50,000 items per month, this includes, first and second class, large letters and parcels, recorded and special deliveries.

The Council are continuing to encourage services areas to present their post in a better condition, and improving the quality of the post that is sent to Royal Mail, which will achieve higher savings.

### **6.2 Social Value**

- 6.2.1 The Public Services (Social Value) Act 2013 requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders.

### **6.3 Legal and Constitutional Reference**

6.3.1 Paragraph 4.1 of the Council's Contract Procedure Rules states that any procurement, including extensions and variations to contracts set out in the Annual Procurement Forward Plan and approved by the Policy and Resources Committee is deemed as authorised, irrespective of the contract value. Contract value.

6.3.2 Paragraph 4.2 of the Council's Contract Procedure Rules states that any procurement, which has not been authorised as set out in Clause 4.1 must be authorised in accordance with Article 10 of the Constitution, Table B.

6.3.3 In line with Article 10 of the Constitution, Table B and current practice, variation or extension acceptance and documentation for contracts with a value of over £500,000 must be authorised by a Full Officer Chairman Delegated Powers Report, provided it is within Budget.

## 6.4 Risk Management

6.4.1 The failure to extend the contract will expose the council to higher market rates, and lose the economies of scale by collaborating with many London Boroughs, which will have an impact on existing Council Budgets.

6.4.2 There is no change to the existing supplier base, therefore, I do not foresee any major issues to arising from this extension.

## 6.5 Equalities and Diversity

6.5.1 The Under the Equality Act 2010, the Council and all other organisations exercising public functions on its behalf must have due regard to the need to:

a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;

b) advance equality of opportunity between those with a protected characteristic and those without;

c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; religion or belief; sex; sexual orientation; race. It also covers marriage and civil partnership with regard to eliminating discrimination.

6.5.2 The supplier, Royal Mail, has been approved as a supplier of postal services by the Crown Commercial Services, a Public Procurement Consortia set up by Central Government to provide framework contracts and guidance for Public Contracting Authorities. Part of the selection and evaluation process involved equality and diversity in service delivery. Royal mail met the CCS's criteria and was appointed to the framework.

## 6.6 Corporate Parenting

6.6.1 Not applicable to this decision

## 6.7 Consultation and Engagement

6.7.1 Not applicable to this decision

## 6.8 Insight

6.8.1 Not applicable to this decision.

## 7. BACKGROUND PAPERS

7.1 Policy and Resources Committee, 1 December 2016, Item 10 Appendix 1 – Annual Procurement Forward Plan 2017-18

<https://barnetintranet.moderngov.co.uk/documents/s36302/Appendix%201%20-%20Annual%20Procurement%20Forward%20Plan%202017-18.pdf>

## 8. DECISION TAKER'S STATEMENT

8.1 *I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision-making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations. The decision is compliant with the principles of decision making in Article 10 of the constitution.*

**Chief Officer:** Cath Shaw

**Signed:**



**Dated:** 29 August 2019