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Procurement Board (CCB)

Contract Award Report

Date of meeting	21/10/21
By	Shaun Lochinger Reprographic and Mailroom Manager
Title	Postal Goods and Services Contract
Project Sponsor	Steve Iles, Director Public Realm
Executive Director	Sarah Hayward, Executive Director Place
Lead Member	Cllr Callton Young, Cabinet Member for Resources & Financial Governance
Key Decision	4921RFG The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.

1. Recommendations

The Cabinet Member for Resources and Financial Governance in consultation with the Leader is recommended to:

- 1.1 approve the award a call off contract for Postal Goods and Services following a tender led by the Royal Borough of Greenwich, (acting as a Central Purchasing Organisation) under CCS RM6017 Lot 3 Framework for Postal Goods and Services, for a term of 3 years with the option to extend for up to 2 further years for the value and to the provider stated in the part B report.
- 1.2 Note the contractor name and contract value will be published following contract award

2 Background & strategic context

2.1 Background

CCB approved a strategy CCB1682/21-22 to procure postal services as a call off by way of a mini competition led by the Royal Borough of Greenwich, (acting as a Central Purchasing Organisation) on behalf of participating authorities, from CCS' RM6017 Lot 3 Framework for Postal Goods and Services. This collaborative approach enables participating local authorities to aggregate requirements thereby achieving better value through economies of scale.

This report is seeking approval to commit to awarding a call off contract to the successful provider of the mini competition run by Greenwich Council.

The new contract will be for a term of 3 plus 2 years and will provide

- ability to order supplies such as recorded slips, trays, postal cages, sacks and other postal documents included in the contract price
- best discounts for 1st and 2nd class mail
- a high quality service on a consistent and reliable basis
- the flexibility and scale to be able to handle variations in volumes
- a ranges of services to meet the requirements of different mailing options for speed, economy, visibility and security
- support and advice the council to improve their efficiency and take advantage of new innovations

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- confidence that the provider will operate in way that meets the council' social value criteria

3 Contract Providing for a Statutory Requirement

3.1 Background

There is a statutory requirement to send parking fines out by post.

Local authorities depend on physical post to deliver vital information and communicate with residents and businesses despite the growing focus on digital services. The Council's mailroom has new franking machines, folder inserters and has a centralised post room to make mailing processes as cost efficient as possible.

There is an ongoing requirement for the postage and delivery of mail and parcels and a replacement contract is required for the one expiring in September 2021. Note that arrangement will continue until replaced by this contract.

4 Financial implications

Financial implications are set out in Part B

3.1 Essential Spend Criteria

The expenditure meets essential spend criteria

Expenditure required to deliver the councils statutory services at a minimum possible level and expenditure to better the situation

Local authorities depend on physical post to deliver vital information and to communicate with residents and businesses, despite the growing focus on digital services. There is a statutory requirement to send parking fines out by post, currently upwards of 10,000 per week. There are also large quantities of mail for electoral services, Revenues and Benefits , Planning, Housing and other services around the Council.

SAVINGS COMPARED TO NOT AWARDING THE CONTRACT

Overall the Council will save in excess of £112,032 per annum compared to current arrangements based on current volumes. Further details are set out in Part B.

5. Supporting information

	Required Input	Details
5.1	Procurement Process followed: Incl. details of the competition, advertisement, tenders received and any clarifications or issues.	<p>The Royal Borough of Greenwich as the Central Buying Organisation, (CPO), has run a mini competition on behalf of all participating local authorities.</p> <p>Participating boroughs shared their mail volumes to maximise the demand and included the boroughs of:</p> <p>Croydon, Ealing, Barnet, Brent, Camden, Greenwich, Harrow, Haringey, Hillingdon, Islington, Kensington and Chelsea, Kingston, Merton, Newham, Richmond, Southwark, Sutton, Tower Hamlets Wandsworth, Westminster.</p>

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		<p>There were 8 suppliers on the framework Lot</p> <ul style="list-style-type: none"> • DHL Parcel UK trading as UK Mail • DX Network Services Limited • Paragon Customer Communications • PostalSort Limited • Royal Mail and Parcelforce Worldwide • Swiss Post Solutions Ltd • The Delivery Group • Whistl UK Limited <p>This collaborative approach enables participating local authorities to aggregate requirements thereby achieving better value through economies of scale.</p> <p>This report is seeking approval to commit to awarding a call off contract to the successful provider of the mini competition run by Greenwich Council.</p>
5.2	Evaluation results: Incl. each providers scores in accordance with the published criteria. Winning providers VFM offer	<p>Evaluation summary of the preferred is set out in the appendix. A compliant tender was received which met the requirements.</p> <p>Two other bidders withdrew from the tender as they felt they wouldn't be able to consistently deliver within the required timescales.</p>
5.3	Any compliance issues with PCR or TCR?	No compliance issues. The tender was conducted in accordance with the Public Contracts Regulations 2015 (PCR) and the Council's Tenders and Contracts Regulations (TCR).
5.4	Contract Management: Please detail how this will be delivered and by who?	On a quarterly basis, London boroughs will hold a joint meeting with the provider, in addition, the Council's Reprographics' Manager will undertake the day to day management of the contract with the added benefit of access to an online business account to ensure accurate billing.
5.5	Risks: Incl. how they will be managed	There is a risk that the price of the contract will increase, postage charges have increased over the last few year, however due to this being a collaborative exercise, obtaining volume discounts through the aggregation of participating boroughs, any increase would most likely be less than any increase in price should we tender / run a mini competition ourselves.
5.6	Mobilisation plan How will it be managed?	Mobilisation details are set out in the Part B report.
5.7	Decommissioning plans: How will they be managed between providers?	Exit management forms part of contract obligations for any transfer to other providers when this new contract terminates.

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5.8	TUPE: If applicable, how will it be managed?	The provider does not have any personnel dedicated to working on the Croydon contract therefore TUPE does not apply
5.9	Interdependencies – If any: Incl. details of any arrangements i.e. Landlords, Consortiums, Assets connections and how they will be managed	There are interdependencies as each borough must go through their own governance to approve awards.
5.10	GDPR implications: Has an assessment been completed, do legal know to include in t&cs?	Following Consultation with Information Management, a DPIA is not required as no information is being shared with the supplier.
5.11	Equalities: Please confirm how the proposed contract will support the EQIA?	This contract is unlikely to have any adverse impact on protected groups compared to non-protected groups therefore an Equality Analysis has not been undertaken
5.12	Social Value: Please confirm how the provider will deliver the 10%?	Social value was a requirement of the tender, the offer is to be confirmed with the supplier before the council enters into a contract to ensure contracted deliverables for Croydon with examples listed below. <ul style="list-style-type: none"> i. Community – range of local community support thought volunteering, food banks, and charitable work. ii. Employment – local based employees the majority of whom are paid considerably more than the London Living Wage. iii. Environment – committed to delivering a cleaner future and be a net zero company by 2050.
5.13	London Living Wage (LLW): Please confirm the provider pays LLW?	Whilst the supplier is not affiliated to the Living Wage Foundation the vast majority of their London employees are paid well above the London Living Wage.
5.14	Premier Supplier Scheme (PSP): Please confirm this is included in the requirements	PSP did not form part of the evaluation process. However once the contract has been awarded, the successful provider will be asked, by Croydon Council, if they will sign up to Croydon's PSP.

6. Conclusion and reasons for recommendations

The recommendation is to enter into a new contract with the successful provider for a term of 3 plus 2 years. The contract will provide

- ability to order supplies such as recorded slips, trays, postal cages, sacks and other postal documents included in the contract price

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- best discounts for 1st and 2nd class mail
- a high quality service on a consistent and reliable basis
- the flexibility and scale to be able to handle variations in volumes
- a ranges of services to meet the requirements of different mailing options for speed, economy, visibility and security
- support and advice the council to improve their efficiency and take advantage of new innovations
- confidence that the provider will operate in way that meets the council' social value criteria

Options

No other options were considered at tender stage. Procurement options were considered for the approved strategy, there has been no departure from the approved strategy.

7. Outcome and approvals

Outcome	Date agreed	
<i>Insert outcome of Board discussion</i>	Service Director Peter Mitchell	5/10/2021
	Cabinet Member for Resources & Financial Governance	14/10/21
	Legal Services	24.8.2021
	Head of Finance Michael Jarrett	30/9/2021
	Human Resources (if applicable)	n/a
	C&P Head of Service	19/08/2021
	Lead Member (for contract award over £500k)	14/10/21
	Procurement Board	CCB1700/21-22 – 21/10/2021

8. Comments of the Council Solicitor

There are no additional procurement related legal considerations directly arising from this report

Approved by Sonia Likhari on behalf of the Director of Law and Governance

9. Chief Finance Officer comments on the financial implications

Approved

Approved by [Michael Jarrett] on behalf of the Chief Finance Officer