

MUNICIPAL YEAR 2016/2017 - REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

**PORTFOLIO DECISION OF
Cllr Dino Lemonides Cabinet
Member for Cabinet Member for
Finance & Efficiency**

REPORT OF: James Rolf
Director of Finance, Resources and
Customer Services

Contact officer and telephone number:
Simon Gardner 0208 379 3783
E mail:
simon.gardner@enfield.gov.uk

Agenda - Part: one	Item:
Subject: Pan London Postal Services Contract	
Wards: All Key Decision No: KD 4352	
Cabinet Member consulted:	

1. EXECUTIVE SUMMARY

1.1 Fourteen London local authorities have formed a postal board and implemented a Pan London contract for Postal Services (outgoing mail) across London. Royal Mail have the current contract which is due to be re-tendered. The call off contract will be for a period of 36 months with the option to extend for a further 12 months. The call off contract shall expire on 15/09/2019 with an option to extend to 15/09/2020.

1.2 Postal Services are volume sensitive i.e. the greater the volume the greater unit cost reductions likely to be achieved, collectively, the 14 London Boroughs achieve savings of 20 pence per letter, a reduction of 55 pence to 35 pence per item, at present volumes within the current contract.

2. RECOMMENDATIONS

2.1 To approve and sign the Pan London contract for the next three years with an option of a one year extension, subject to satisfactory performance. The contract commencement date is subject to agreement on legal technicalities

3. BACKGROUND

3.1 In 2006, the National Audit Office published a report about improving postal services procurement. This formed the basis of subsequent coordinated working with fourteen London boroughs. Postal services are not a small expenditure item and most authorities spend on average over £300k per annum.

- 3.2 Fourteen London authorities joined together to approach the market. The project was formally launched in Camden in July 2011 with agreed TOR's. Each participating authority has completed a mail gathering template setting out their estimated volumes.
- 3.3 The formal ITQ to suppliers was issued under the Government Procurement Services (GPS-formerly Buying Solutions) framework (RM782) in early November 2011.
- 3.4 Representatives from four London Boroughs (including Enfield) undertook the evaluation of supplier responses to ensure the solutions being offered would fulfil their requirements.
- 3.5 In January 2012, an e-auction was used for the first time in terms of a postal services ITQ and resulted in 14.5% savings for the Collection and Delivery to Addressees. The contract was awarded to UK Mail following a standstill period and projected savings were estimated at about £1.2m across the Boroughs concerned. Following months of renegotiations on the terms and conditions, it was decided to cancel the agreement with UK Mail and to run a new e-auction. The contract was then awarded to Royal Mail.
- 3.6 The Boroughs will continue to work together via a shared contract board, of which Enfield's FM team will be part of. The board will work with The Contractor and also start to target other areas of significant cashable savings that are available in this category through collaboration and modernising procedures.
- 3.7 The current contract will expire in Sept 2016 and it is anticipated the call off contract will be for a period of 36 months with the option to extend for a further 12 months. The new call off contract would expire on 15/09/2019 with an option to extend to 15/09/2020.
- 3.8 Enfield has already completed a mail gathering template setting out our estimated volumes and sent this to Royal Greenwich who are collating all the information, however, Harrow Council is acting as the lead authority.

4. ALTERNATIVE OPTIONS CONSIDERED

Not to participate in the Pan London contract. This was rejected due to lack of savings opportunities.

5. REASONS FOR RECOMMENDATIONS

It would be prudent to join the Pan London contract to achieve the current postage values which will increase by 20 pence per item if we are not part of this group.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

All Postal services are recharged on a monthly basis by Operational Services to departmental cost codes. For the current savings within the Pan London contract, please see Part Two report.

6.2 Legal Implications

- 6.2.1 Having an effective postal service is essential to enable the Council to perform its functions. Section 111 of the Local Government Act 1972 gives the Council the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. Further, section 1(1) of the Localism Act 2011 confers a general power of competence on the Council to do anything that individuals generally may do. The recommendations within this Report are in accordance with these powers.
- 6.2.2 The use of framework agreements is permitted under the Council's Contract Procedure Rules (8.2) subject to the approval of the Assistant Director for Procurement and Commissioning.
- 6.2.3 The Call-Off contract must be in accordance with the terms of the framework, and in a form approved by the Assistant Director of Legal and Governance.
- 6.2.4 Throughout the engagement of the Contractor, the Council must ensure value for money in accordance with the overriding Best Value Principles under the Local Government Act 1999.
- 6.2.5 The Council must comply with the Public Contracts Regulations 2015 and (where still applicable) the Public Contracts Regulations 2006. A framework agreement such as the framework used in this instance can be used to ensure compliance with these regulations. The Council must also comply with its Constitution including the Contract Procedure Rules.
- 6.2.6 Pursuant to the CPR 21, as the total contract value is in excess of £250,000, the Council is required to obtain a performance bond or a parent company guarantee from the Contractor, unless the relevant Director and the Director of Finance Resources and Customer Services consider this to be unnecessary.
- 6.2.7 Approval must be obtained from the Council's Director of Finance in relation to the limitation on the Contractor's liability.

6.3 Procurement Implications

- 6.3.1 All procurement must be carried out in line with CPR's, EU and UK regulations.
- 6.3.2 Competitive tendering or the obtaining of quotes is not required where:
A legally compliant framework agreement is in place which the Council has procured or has the right to access (subject to complying with the rules applicable to that framework .

6.4 Property Implications

None

7. KEY RISKS

A Risk Mitigation Strategy was undertaken by the London Borough of Camden Project Manager for the current contract and the conclusions were:-

7.1 Savings are not maximised because of a reluctance to move from 1st to 2nd Class mail, reduce the usage of Large Letter formats and eliminate handwritten addressing. Mitigation - communications campaign from Central Mailroom.

However, these factors are unlikely to impact greatly in Enfield as most mail is already sent 2nd class. In addition, Enfield has been successfully using Royal Mail for some years, albeit with higher charges, without major disruption.

To this end, in 2013 a Risk and Business Impact Assessment has been conducted by The Contractor to identify the Risks and Threats to the Network and identify the impact on customers and The Contractor's reputation should these occur, for the project team.

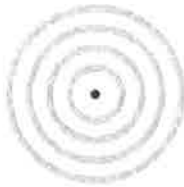
The assessment had identified five broad categories which along with the main sub-categories are shown in the table below. These have informed the planning priorities.

Main Category	Sub- Categories / Examples
Industrial Action	<ul style="list-style-type: none">• Local unofficial action• Official action either local, regional or national
Environmental	<ul style="list-style-type: none">• Severe Weather – snow, ice, storm, flooding etc• Fires
Major Health Alerts	<ul style="list-style-type: none">• Potential Flu Pandemic• SARS• Foot & Mouth
Supplier Failure	<ul style="list-style-type: none">• Fuel• Technology• Utilities – power outages
Terrorist Activity - CBRNE	<ul style="list-style-type: none">• London 7/7 scenario• RM used to deliver dangerous packets e.g. Anthrax, Explosives

Strategy

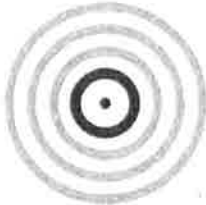
At the heart of the strategy is a series of five integrated incident response manuals each addressing a specific audience and providing scalability in the response from an incident at one specific site to incidents with national geographic reach (e.g. severe weather, flu pandemics and industrial action)

Once a team at any level has been activated, the leader of that team will immediately inform the leader of the next higher level team, who will decide whether or not to invoke their team. This is known as 'Tackle & Notify'



Be Aware

Suspect packages remain The Contractor's most frequent type of incident, with the potential of leading to serious business interruptions. The Be Aware booklet contains easy to follow advice and has been issued to all operational managers resulting in a 80% reduction of stoppages



Stay Calm

Each Person in Control (PiC) for every Royal Mail site has been issued with a Stay Calm manual which guides the user through key principles of handling a wide range of incidents helping to reduce the potential period of operational stoppage / business interruption at the affected site.



Be Prepared

Should an incident at a RM site lead to a wider business interruption, each of the 5 Geographic Leadership Teams have an incident response team which can form quickly, and aided by their Be Prepared manual can manage the situation and invoke the relevant continuity plans in accordance with the agreed business priorities.



Take Control

All incidents are reported to Central Postal Control who will assess the impact of the incident and if necessary invoke the Business Protection Team or if not necessary will monitor the situation until the incident can be closed.



Take Action

The BPT will form for major incidents and will use Take Action as a prompt to consider all the key aspects of handling a response, especially developing a stakeholder communications plan.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

The effective operation of the Postal Service ensures that all Council staff receive the information and documents they need to provide effective decision-making and service delivery.

8.2 Growth and Sustainability

This contract looks to ensure value for money by reducing the cost of essential post

8.3 Strong Communities

None

9. PERFORMANCE MANAGEMENT IMPLICATIONS

Participating in the Pan London postal contract will ensure the maintenance of an efficient, cost effective service for outgoing mail.

10. PUBLIC HEALTH IMPLICATIONS

None

Background Papers

None

MUNICIPAL YEAR 2016/2017 REPORT NO.

**ACTION TO BE TAKEN UNDER
DELEGATED AUTHORITY**

OPERATIONAL DECISION OF:
Director – Regeneration &
Environment

Agenda – Part: 1	KD Num: 4336
Subject: Approval to Award a lease for the Town Park Pavilion Building	
Wards: Town	

Contact officer and telephone number:

Tina Heather (Contracts Officer) 020 8379 3313

E mail: tina.heather@enfield.gov.uk

1. EXECUTIVE SUMMARY

- 1.1 A tender exercise using Property Procedure Rules (PPR's) has been undertaken to award a lease for the Pavilion building and former Bowling Green at Town Park.
- 1.2 This report requests the approval to award a 10-year lease to the highest bidder.
- 1.3 Rent reviews will take place every 3 years for the term of the lease.
- 1.4 The tender evaluation and financial details are contained within Part 2 of this report.

2. RECOMMENDATIONS

- 2.1 To approve the award of a 10-year lease to Bidder A, named in Part 2.

3. BACKGROUND

- 3.1 The pavilion building in Town Park is divided into two sections: the larger section was formerly a bowling club and green which was vacated some years ago due to decline in membership and the other smaller section is a café which provides a small rental income.
- 3.2 As the café's lease has now expired and was contracted out of the Landlord and Tenant 1954 Act with no rights to renewal, Public Realm has taken the opportunity to explore the commercial viability of the building as a whole.
- 3.3 The aim is to generate more income for the Council but to also find a new sustainable use which will not only reduce Council maintenance and repair responsibility but reduce the risk of vandalism and other anti-social behaviour.
- 3.4 A lease for up to 10 years was offered under Property Procedure Rules (PPR's) and bidders were given the opportunity to apply for Lots; either for the individual sections or as a whole.
- 3.5 To ensure best value the tender was uploaded and advertised on the London Tenders Portal, in a national catering magazine, local papers, Council website, and park noticeboards. Park stakeholders and interested parties were also advised in advance of the Council's proposal to advertise the building.
- 3.6 Bidders were advised that the building may require some investment to bring it back into full working order and that the Council would consider a rent free period to help accommodate this. All bidders were given the opportunity to view the building on specified viewing days.
- 3.7 The tender was conducted through the London Tenders Portal where bidders were able to download an information letter, Lot Particulars, Offer of Rent Form, Heads of Terms, Lot Drawings, Reference Document, Evaluation of Offer and a drawing of a possible layout of whole building as a café.
- 3.8 Four tenders were received through the London Tenders Portal. All Bidders have bid for the building as a whole.
- 3.9 The tender submissions were evaluated against pre-published evaluation criteria designed to attract the highest rental income and potential capital investment in the building.
- 3.10 An interview, credit checks and landlord references were undertaken to ensure suitability for the lease.
- 3.11 Bidder (A) offered the highest rental income and investment and met all of the tender requirements – details shown in part 2 report.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not to award the lease will render the building vacant and subject to decline and vandalism.
- 4.2 Not to award the lease will result in loss of revenue and investment in the building.
- 4.3 Not to award the lease will create a burden on Parks revenue budget to maintain.

5. REASONS FOR RECOMMENDATIONS

- 5.1 The recommended bidder provided the highest rent offer and a substantial investment in the building.
- 5.2 Will provide a quality facility for the community which will enhance the park and encourage cohesion.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES, AND OTHER DEPARTMENTS

6.1 Financial Implications

Please refer to Part 2 Report

6.2 Legal Implications

- 6.2.1 Pursuant to section 123 of the Local Government Act 1972 when granting a lease of more than 7 years a Local Authority needs to demonstrate that he has obtained the best consideration reasonably obtainable. The tendering exercise carried out by the Parks Department in respect of the proposed lease demonstrates that this has been achieved.
- 6.2.2 The tendering exercise has been carried out in accordance with the Council's Property Procedure Rules.
- 6.2.3 The formal granting of the lease shall be in a form approved by the Council's Assistant Director (Legal Services)
- 6.2.4 In accordance with the Council's Property Procedure Rules, given the cumulative value of the term of the lease, approval of the award of the Lease will be required from the Council's Director of Finance, Resources and Customer.
- 6.2.5 The recommendations contained within this report are within the Council's powers and duties

6.3 Property Implications

- 6.3.1 As part of the Tender process, it was established that planning permission for a change of use for Bidder (A)'s proposal was not required, as it fell within the existing planning use class.
- 6.3.2 Pending approval and completion of the lease, in order to maintain the availability of refreshments in Town Park, after the departure of the previous café operator, permission was granted for Bidder(A) to operate a mobile refreshment facility on a temporary basis under Licence.
- 6.3.3 After selection, Bidder (A) required access to the property in order to commence refurbishment works in advance of completion of the lease and this has been authorised under a temporary Licence.

7. KEY RISKS

- 7.1 The risk of not agreeing to the new lease will result in loss of income for the Council.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

- 8.1.1 Will provide a facility that all park users can benefit from.

8.2 Growth and Sustainability

- 8.2.1 The investment will provide the Council with an improved sustainable building which will provide an income.

8.3 Strong Communities

- 8.3.1 Will provide a facility that will bring all ages and ethnic backgrounds together whilst their children play.

9. EQUALITY IMPACT IMPLICATIONS

- 9.1 Corporate advice has been sought in regard to equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report to award a lease for the Town Park Pavilion.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

- 10.1 The new lease will significantly improve the Council's asset.
- 10.2 The terms of the lease will be monitored internally.

10.3 The rent will be reviewed every three years for the term of the lease.

11. PUBLIC HEALTH IMPLICATIONS

11.1 The new lease will provide an attractive amenity for families and residents and encourage them into the park.

Background Papers

None

