

London Borough of Enfield

[Committee Name]

Meeting Date

Subject: Pan London Postal Services (outgoing mail)

Cabinet Member: Cllr Mary Maguire

Executive Director: Sarah Cary

Key Decision: KD5377

Purpose of Report

1. To provide details of the procurement process for Postal Services (Outgoing Mail) and to approve the award of the services contract to Royal Mail.

Proposal(s)

2. That the Director of Property & Economy approves Enfield Council entering into an individual call off contract with the Royal Mail following mini-competition run under Framework RM6017 by lead local authority Greenwich Council on behalf of the postal board referred to in the **Background** and **Main Considerations for the Council** below, and
3. That individual call-off contract shall be for a period of three years with options of two one-year extensions subject to satisfactory performance.

Reason for Proposal(s)

4. The Council has an ongoing requirement for outgoing mail services, and pre-paid return mail, which includes statutory correspondence that cannot be undertaken through other means.
5. Collaboration with other boroughs in running a competitive tender under the Crown Commercial Service Framework offers the most competitive rates for postal services at this time.

Relevance to the Council Plan

6. **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 and residents and businesses receive information from the Council in an efficient and timely manner..
7. **Growth and Sustainability** - None
8. **Strong Communities** - None

Background

9. In 2006, the National Audit Office published a report about improving postal services procurement. This formed the basis of subsequent coordinated working with thirteen London boroughs at that time. Postal services are not a small expenditure item and most authorities spend on average £300k per annum.
10. The Boroughs have agreed to continue to work together via a shared contract board. The board will work with Royal Mail and target other areas of significant cashable savings that are available in this category through collaboration and modernising procedures.
11. The current contract will expire in Sept 2021 and is to be replaced with a new call off contract that is the subject of this report. The contract term will be for a period of 36 months with the option to extend for two further periods of 12 months.
12. Enfield completed a mail information gathering template setting out our estimated volumes and sent this to London Borough of Greenwich who have collated all the information for Tender.
13. Greenwich are the Lead Borough and provided a resource to do a mini competition under the CCS framework RM6017 for a collaborative arrangement between the 32 London Boroughs. As part of this collaborative arrangement Enfield agreed, in principal, and subject to Enfield's internal governance procedures, to enter into an individual call off contract with the successful bidder under the mini competition, subject to such competition and award demonstrating best value for Enfield Council.
14. The successful bidder under the mini competition was Royal Mail.

Main Considerations for the Council

15. In 2011 Fourteen London local authorities formed a postal board and implemented a Pan London contract for Postal Services (outgoing mail) across London, Enfield were part of the original postal board.
16. Royal Mail have the current contract which expires in September 2021 and has now been re-tendered. Royal Mail will be awarded the new contract once all boroughs have completed their internal governance procedure.
17. The call off contract will be for a period of 36 months with the option to extend for a further 12 months and then again for a final 12 months. The call off contract shall commence 15th September 2021.
18. Postal Service costs are volume sensitive i.e. the greater the volume the greater unit cost reductions likely to be achieved, so as a collective, the 32 London Boroughs are able to achieve volume discounts.

Safeguarding Implications

19. None.

Public Health Implications

20. None.

Equalities Impact of the Proposal

21. It is not considered relevant or proportionate to undertake an equality impact assessment/analysis for the approval of the decision to join the Pan London contract for postal services.

Environmental and Climate Change Considerations

22. None.

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

23. The Post Room is a fulfilment service and all decisions on postal volume, class of post, etc are made by the client departments. The Post Room does engage client departments and advises them on the financial impact of their postal requirements and promotes and supports their use of digital and other alternatives, the management of costs and the realisation of cost savings by the Post Room is limited to the negotiation of the unit rates only. If client departments postal needs are not managed or increase there is a risk of the budgets being exceeded.

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

24. No risks arising from taking this decision.

Financial Implications

25. Most Postal services are charge by the FM budget, but some services are recharged on a monthly basis to departmental cost codes.

	Year 1	Year 2	Year 3	Year 4	Year 5
Hybrid Stamps	£300k	£350k	£300k	£250k	£250k

Legal Implications

26. The Council, under s.111 Local Government Act 1972 has power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

27. The Council also has a general power of competence under s.1(1) Localism Act 2011 to do anything that individuals generally may do, provided it is not prohibited by legislation and subject to Public Law principles. This power includes the power to enter into contracts.

28. In awarding the contract that is the subject of this report the council must follow the Public Contracts Regulations 2015, the Council's constitution and, in particular the part of the constitution that is the council's contract procedure rules.
29. As the estimated total value of the contract is in excess of £500k, the decision to award must be taken as a key decision and consequently all procedures for taking of key decisions must be followed in accordance with the Council's constitution.
30. The contract must be executed as a deed by the use of the council's common seal and the form of contract must be approved by legal services. At the same time, given that this contract is an award of a contract under a framework agreement, the terms of the contract will be in accordance with what is laid down in that framework.
31. Where the council looks to make use of an external framework agreement such as the one referred to in this report, the council must be legally allowed to use the framework agreement. Framework agreements set up prior to Brexit and during the transition period following Brexit (that expired on 31st December 2020), would set out under the OJEU notice on whose behalf the framework provider is purchasing. This would need to include a reference to Enfield or a reference to a group of contracting authorities that would include Enfield.
32. The Council must ensure value for money in accordance with the overriding Best Value Principles under the Local Government Act 1999.
33. Any award of a contract under the framework agreement being used must be made in accordance with the procedures laid down in framework agreement.
34. For contracts with a value of £500k - £1m (the value of the first three years without extension option exercised), Contract Procedure Rule (CPR) 7.2 requires that sufficient security from the Supplier should be considered to manage risk. The forms of sufficient security to be considered are laid down in CPR 7.3 and include a parent company guarantee or performance bond.
35. Given that the exercise of any extension option is subject to satisfactory performance by the supplier, it is expected such an extension would be the subject of a separate decision.

Procurement Implications

36. Any procurement must be undertaken in accordance with the Councils Contract Procedure Rules (CPR's) and the Public Contracts Regulations (2015).
37. The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract.

38. All awarded projects must be promoted to Contracts Finder to comply with the Government's transparency requirements.
39. Where a contract has not been procured via the LTP, then the signed contract, call off agreement and supporting DAR etc, must be sent to procurement.support@enfield.gov.uk who will create a record in the LTP and promote to contract finder to ensure the Council meets its transparency obligations.
40. The CPR's state that contracts over £100,000 must have a nominated contract owner in the LTP, and for contracts over £500,000 there must be evidence of contract management, including, operations, commercial, financial checks (supplier resilience) and regular risk assessment uploaded into the LTP.
41. DN467766 came to the strategic procurement board on the 21st April 2020 and was approved. Due diligence has been carried out on this framework and was accessed compliantly.

Workforce Implications

42. None.

Property Implications

43. There are no property implications.

Other Implications

44. None.

Options Considered

45. Not to participate in the Pan London contract. This was rejected as the Council will not benefit from the economies scale offered by the proposed approach.

Conclusions

46. Approving the award provides the most cost effective solution to meeting the postal service requirements of the Council.

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Date of report 6 September 2021

Appendices

Background Papers

The following documents have been relied on in the preparation of this report:

47. Confidential appendix – Procurement Evaluation Scoresheet.