



**Report of: Head of Business Support Centre**

**Report to: Chief Officer Strategy and Policy**

**Date: 14<sup>th</sup> July 2020**

**Subject: Approval to vary the current contract with Whistl for the provision of postal goods and services.**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Has consultation been carried out?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Will the decision be open for call-in?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Summary**

**1. Main issues**

- The provision of postal goods and services is currently delivered by Whistl. A contract is in place (KMCIT-04) procured under the previous Crown Commercial Services (CCS) framework agreement ref: RM1063 until 31 July 2020. A new contract is required to ensure the continuation of critical services beyond this date as there is no further provision to extend.
- The contract was entered into with Whistl in August 2016 following a procurement exercise in conjunction with a group of authorities from Yorkshire and Humberside to realise savings in the provision of postal goods and services. An extension option on the contract was subsequently signed in 2018 up to 31st July 2020.
- The previous framework agreement (ref: RM1063) was scheduled for review and replacement by February 2020. A new framework agreement (RM6017) was published by CCS in December 2019 with additional requirements for suppliers to achieve accreditation and compliance in a number of areas before being made 'live' on the framework agreement.
- As a result of the unprecedented ongoing Covid-19 pandemic the majority of the suppliers on the framework have been unable to achieve this accreditation and do not anticipate that will be possible until January 2021. Where a supplier has shown

evidence of professional indemnity and Employers/Product Liability Insurance they have been made 'provisionally live' on the framework.

- Crown Commercial Services recommend that any call-offs signed with 'provisionally live' suppliers should be for no longer than 31 December 2020. Discussions are ongoing between the Yorkshire and Humber Councils as to how authorities should proceed.
- As it is currently impossible to conduct a robust procurement exercise in accordance with the new Crown Commercial Services framework, approval is requested to vary the term of the current contract with Whistl and award a new short-term contract until suppliers are fully accredited on the framework.
- Whistl have agreed to continue the delivery of services under existing Terms and Conditions and costs.
- This would represent a contract value of £484k for the period 1<sup>st</sup> August 2020 to 31<sup>st</sup> January 2021.

## **2. Best Council Plan Implications** (see the [latest version of the Best Council Plan](#))

- The award of this contract supports the delivery of the Best Council Plan in contributing to becoming a more efficient and enterprising Council.

## **3. Resource Implications**

- The existing contract with Whistl, at the time of award, represented a 17.5% saving over the cost of the previous contract and a saving of approximately £500,000 compared to a leading market competitor. In the absence of a suitable framework agreement with a choice of accredited suppliers the award of a new short-term contract to Whistl represents best value and procurement option for the Council, until such time as a procurement exercise can be conducted under the new framework.

## **Recommendations**

- a) It is recommended that the Chief Officer Strategy and Policy approves the variation of the current contract term and award of a new, short-term contract to Whistl for the provision of postal goods and services for a period of 6 months (from 1<sup>st</sup> August 2020 to 31<sup>st</sup> January 2021) with a contract value of £484,000, under the same terms and conditions as the current contract.

## **1. Purpose of this report**

- 1.1 The purpose of this report is to seek approval to vary the current contract for postal goods and services with Whistl and award a short term contract until such time as we can proceed to tender under the new CCS framework RM6017.

## **2. Background information**

- 2.1 The provision of postal goods and services is currently delivered by Whistl. A contract is in place until 31 July 2020. A new contract is required to ensure the continuation of critical services beyond this date.
- 2.2 This is a critical service and in 2019 Whistl delivered approximately 870,000 items of mail on behalf of Leeds City Council.
- 2.3 The contract was entered into with Whistl in August 2016 following a procurement exercise in conjunction with a group of authorities from Yorkshire and Humberside to realise savings in the provision of postal goods and services. An extension option on the contract was subsequently signed in 2018 until 31<sup>st</sup> July 2020, and there is no further provision to extend.
- 2.4 The previous framework agreement (ref: RM1063) was scheduled for review and replacement by February 2020. A new framework agreement (RM6017) was published by Crown Commercial Services in December 2019 with additional requirements for suppliers to achieve accreditation and compliance in a number of areas before being made 'live' on the framework agreement.
- 2.5 As a result of the unprecedented ongoing Covid-19 pandemic the majority of the suppliers on the framework have been unable to achieve accreditation and do not anticipate that will be possible until January 2021. Where a supplier has shown evidence of professional indemnity and Employers/Product Liability Insurance they have been made 'provisionally live' on the framework in order that goods and services that are urgently needed can be procured.
- 2.6 Crown Commercial Services recommend that any call-offs signed with 'provisionally live' suppliers should be for no longer than 31 December 2020. Discussions are ongoing between the Yorkshire and Humber Councils as to how authorities should proceed.
- 2.7 It is the judgement of the Council that the resource and time required to undertake a competitive procurement exercise for such a time limited contract in accordance with the new Crown Commercial Services framework would not be feasible or represent best value and increases the risk of the cessation of the provision of postal goods and services. As a result, the variation of the existing contract and the award of a new short-term contract to Whistl (until suppliers are accredited on the framework) is considered the most practical approach, under the circumstances.
- 2.8 Whistl have agreed to the continued delivery of services under existing Terms and Conditions and costs.

2.9 This would represent a contract value of £484k for the period 1<sup>st</sup> August 2020 to 31<sup>st</sup> January 2021.

### **3. Corporate considerations**

#### **3.1 Consultation and engagement**

3.1.1 Leeds City Council remains engaged in discussions with partner Councils across Yorkshire and Humber with regards to the development of the framework agreement and future competitive tenders for provision of services in January 2021 and beyond.

#### **3.2 Equality and diversity / cohesion and integration**

3.2.1 There are no issues relevant to Equality and Diversity/Cohesion and Integration with this decision.

#### **3.3 Council policies and the Best Council Plan**

3.3.1 The variation to the contract will support Council Policies and Best Council Plan objectives. Specifically, it will help deliver ‘An Efficient, Enterprising and Healthy Organisation’

##### Climate Emergency

3.3.2 Whistl have achieved the environmental standard, ISO 14001:2015. This is a certified environmental management system for organisations who want to enhance their environmental performance.

3.3.3 One of the objectives of the corporate Mail and Print Project is to reduce the demand for mail and increase the use of digital channels. As such, the requirement for postal services will continue to reduce and this will reduce the carbon footprint associated with delivering the mail. Appropriate environmental considerations will be factored into the competitive procurement exercise when we can proceed to tender under the new CCS framework RM6017.

#### **3.4 Resources, procurement and value for money**

3.4.1 The existing contract with Whistl represented a significant saving (17.5%) compared to the Council’s previous contract. The award of a short-term contract will enable the Council to undertake a competitive procurement exercise to achieve best value once framework suppliers are accredited. The situation will be reviewed and monitored over time however it is expected that a procurement exercise under the new framework may be possible as of October 2020.

#### **3.5 Legal implications, access to information, and call-in**

3.5.1 This is a Significant Operational Decision and is not eligible for call in as the value on the contract is below £500k.

3.5.2 Based on the current values, a six month contract would be below the EU Public Contracts Regulations (2015) threshold of £615,278.00 as postal services are

categorised as a Schedule 3 service, and as such would not be required to be advertised in the European Union.

- 3.5.3 The existing contract will be varied in accordance with Contract Procedure Rule 21 to formally vary the contract period to 31<sup>st</sup> January 2021, in order to enable a new contract to be procured under the new framework in circa October 2020. All other terms and conditions will remain the same.

### **3.6 Risk management**

- 3.6.1 The procurement process and risk will be managed in consultation with Procurement and Commercial Services.
- 3.6.2 Under the current circumstances the risk of challenge is deemed to be relatively low since all suppliers on the new framework have had the same opportunity to be appointed onto the framework are in the same position.

## **4. Conclusions**

- 4.1 A new contract is required to ensure the continuation of critical postal goods and services beyond 31 July 2020 when the existing contract with Whistl expires. It is the judgement of the Council that due to the unprecedented challenges presented by the Covid-19 pandemic, and its resulting impact on framework suppliers' ability to achieve the necessary accreditation to go 'live' on the framework, that the short-term award of a new contract to the existing supplier represents best value and minimises risk to the Council.

## **5. Recommendations**

- 5.1.1 It is recommended that the Chief Officer Strategy and Policy approves the variation of the current contract term and award of a new, short-term contract to Whistl for the provision of postal goods and services for a period of 6 months (from 1<sup>st</sup> August 2020 to 31<sup>st</sup> January 2021) with a contract value of £484,000, under the same terms and conditions as the current contract.

## **6. Background documents<sup>1</sup>**

- 6.1 None

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<sup>1</sup> The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.