



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

**Report to: Director Resources and Housing**

**Date: 28<sup>th</sup> October 2020**

**Subject: Approval to procure a new contract 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 UK Limited. The contract was procured under the previous Crown Commercial Services (CCS) framework agreement ref: RM1063. A new contract is required to ensure the continuation of critical services beyond the expiry date.
- The contract was entered into with Whistl UK Limited 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. In July 2020 a short term extension was approved up to 31 January 2021.
- The extension was necessary due to the replacement framework agreement (RM6017) being 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 ongoing Covid-19 pandemic the majority of the suppliers on the framework were unable to achieve this accreditation within the required timescales. Crown Commercial Services therefore recommended that only short-term contracts should be entered into until such time as the suppliers could become fully approved.
- The Council's Procurement and Commercial Service advised that we should use Regulation 72 (1) (c) of the Public Contract Regulations 2015 to vary the current contract end date with the current supplier for the provision of postal goods and

services for a period of 6 months (from 1 February 2021 to 31 July 2021) with a contract value of £400,000 under the same terms and conditions and rates, as it would be impossible to conduct a robust procurement exercise in accordance with that framework.

- At very short notice the CCS made the framework live which prevented us from continuing with Regulation 72 (1) (c) of the Public Contract Regulations 2015 to vary the current contract end date with the current supplier.
- This had been delayed since February due to Covid-19 and was not expected to be live before the expiry of the current contract, and no other options were available to the council.

## **2. Best Council Plan Implications** (click [here](#) for 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 collaborative approach enables the participating local authorities to aggregate requirements thereby achieving better value through economies of scale.
- YPO managing the further competition on the Council's behalf represents a resource saving. However, this exercise is being undertaken in full consultation with officers in the Business Support Centre and Procurement and Commercial Services.

## **Recommendations**

- a) It is recommended that the Director Resources and Housing approves the procurement of a short-term contract for the provision of postal goods and services for a period of one year (from 1 February 2021 to 31 January 2022) with a contract value of £800,000.
- b) It is recommended that the Director Resources and Housing approves the evaluation criteria and methodology outlined in paragraph 3.4.2 of this report, as required under Contract Procedure Rule 3.1.8.
- c) The Director of Resources & Housing is requested to waive the usual five working day call in period, and note that the decision will be taken under the Constitution's Special Urgency provisions, as any delay in taking the decision will have a detrimental impact on the Council's interests.

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

- 1.1 The purpose of this report is to seek approval to procure a new contract for postal goods and services in collaboration with other Local Authorities and award a one year contract (call-off) under the new CCS framework RM6017 for Postal Services.
- 1.2 Due to the timescales involved, this decision needs to be implemented on Monday 2 November 2020.

## **2. Background information**

- 2.1 The provision of postal goods and services is currently delivered by Whistl UK Limited. The contract is in place until 31<sup>st</sup> January 2021. A new contract is required to ensure the continuation of critical services beyond this date.
- 2.2 This is a critical service and in the first half of 2020 Whistl UK Limited delivered approximately 1,250,000 items of mail on behalf of Leeds City Council.
- 2.3 The contract was entered into with Whistl UK Limited 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. In July 2020, an extension was approved up to 31 January 2021.
- 2.4 The previous framework agreement (ref: RM1063) was scheduled for review and replacement by February 2020. The new framework agreement (RM6017) published by Crown Commercial Services in December 2019 had 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 ongoing Covid-19 pandemic the majority of the suppliers were unable to achieve accreditation within the required timescales and were therefore only 'provisionally live'. The decision taken in July 2020 was that there was no merit in undertaking a procurement under the framework and that an extension was a better option under the circumstances.
- 2.6 The Council's Procurement and Commercial Service advised that we should use Regulation 72 (1) (c) of the Public Contract Regulations 2015 to vary the current contract end date with the current supplier for the provision of postal goods and services for a period of 6 months (from 1 February 2021 to 31 July 2021) with a contract value of £400,000 under the same terms and conditions and rates, as it would be impossible to conduct a robust procurement exercise in accordance with that framework.
- 2.7 At very short notice the CCS made the framework live which prevented us from continuing with Regulation 72 (1) (c) of the Public Contract Regulations 2015 to vary the current contract end date with the current supplier.
- 2.8 This had been delayed since February due to Covid-19 and was not expected to be live before the expiry of the current contract, and no other options were available to the council.

### **3. Main issues**

- 3.1 Approval is now being sought to procure a new contract under the CCS Framework RM6017 Postal Services, as the majority of suppliers are now fully approved.
- 3.2 This is a collaborative procurement with a number of other Local Authorities and is being led by Kirklees Council and being procured by the Yorkshire Purchasing Organisation (YPO) on our behalf. The consortium has waited a year to call off from this framework resulting in a need to move quickly to publish the tender.
- 3.3 This would represent a contract value of £800,000 for Leeds City Council for the period 1 February 2021 to 31 January 2022, making it a Key Decision eligible for call in.
- 3.4 Due to the limited timescales available, special urgency under rule 5.1.3 is requested on the basis that the Council was seeking to extend the existing postal service contract under Regulation 72 (1) (c) of the Public Contract Regulations 2015

to vary the current contract end date with the current supplier for a period of six months to allow time for the Crown Commercial Services framework to go live.

- 3.5 Due to the Council's current financial pressures it is recommended that this further competition will lead to a short term (one year) call-off whilst other cost-saving options are explored for the delivery of Postal Services.
- 3.6 Should other options prove to be unfeasible, approval for a further call-off will be requested before the new contract expires.

#### **4. Corporate considerations**

##### **4.1 Consultation and engagement**

4.1.1 Leeds City Council has been consulted throughout the process and our requirements have been adequately accounted for in the tender documentation. The YPO is acting as the Lead Authority in this collaborative procurement.

4.1.2 The other participating Authorities are:

- The Council of the Borough of Kirklees
- Selby Council
- Hull City Council
- Doncaster Council
- Calderdale Council
- North East Lincolnshire Council
- North Yorkshire County Council
- Harrogate Borough Council
- Stockport Borough Council
- Ryedale Borough Council
- Scarborough Council
- Craven Council
- Blackpool Council
- Trafford Council
- Rotherham Council
- Salford City Council
- Bolton Council
- Manchester County Council
- Transport for Greater Manchester
- Rochdale Council
- Bury Council
- Tameside MBC

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

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

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

4.3.1 This procurement will support Council Policies and Best Council Plan objectives. Specifically, it will help deliver “An Efficient, Enterprising and Healthy Organisation”.

#### Climate Emergency

4.3.2 The suppliers on the framework are required to have achieved the environmental standard, ISO 14001:2015. This is a certified environmental management system for organisations who want to enhance their environmental performance.

4.3.3 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.

4.3.4 The specification sets out the following objectives:

- Increased efficiency in all mail output areas
- Promoting the use of ‘best practice’ in the mail output areas
- Reduced organisational costs and process cycle times
- Driving maximum savings into mail output areas
- Reduced impact on the environment

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

4.4.1 The collaborative approach enables the participating local authorities to aggregate requirements thereby achieving better value through economies of scale.

4.4.2 YPO managing the further competition procedure represents a resource saving. However, this further competition is being undertaken in full consultation with officers in the Business Support Centre and Procurement and Commercial Services.

4.4.3 The evaluation model is based on a total of one hundred per cent (100%), with a maximum of sixty percent (60%) being available for Quality and forty percent (40%) being available for Price. The contract will be awarded to the Bidder that achieves the highest total score.

4.4.4 All Bids will be evaluated by an Evaluation Panel comprised of experts and officers from the local authorities of the YPO’s choosing, who will assess each of the bids in line with the award criteria. The YPO will ensure that the size, make-up and experience of the Evaluation Panel is appropriate given the size and complexity of the bids to be evaluated and degree of specialist input required to evaluate the bids.

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

4.5.1 This is a Key Decision and it is requested that call in is waived in order to ensure continuity of a postal service for the Council.

4.5.2 The CCS framework was procured under the EU Public Contracts Regulations (2015) and it therefore considered legally compliant.

4.5.3 The further competition is being conducted by YPO as a collaborative exercise involving a number of different Local Authorities throughout Yorkshire and Humber.

## **4.6 Risk management**

4.6.1 The further competition and risk will be managed in consultation with Procurement and Commercial Services.

4.6.2 The risk of challenge is deemed to be relatively low since all suppliers on the new framework will have the same opportunity to submit a tender.

## **5. Conclusions**

5.1 A new contract is required to ensure the continuation of critical postal goods and services beyond 31 January 2021 when the current contract with Whistl UK Limited expires.

## **6. Recommendations**

6.1 It is recommended that the Director Resources and Housing approves the collaborative further competition to award of a new, short-term contract for the provision of postal goods and services for a period of 12 months (from 1 February 2021 to 31 January 2022) with an estimated contract value of £800,000.

6.2 It is recommended that the Director Resources and Housing approves the evaluation criteria and methodology outlined in paragraph 3.4.2 of this report, as required under Contract Procedure Rule 3.1.8.

6.3 The Director of Resources & Housing is requested to waive the usual five working day call in period, and note that the decision will be taken under the Constitution's Special Urgency provisions, as any delay in taking the decision will have a detrimental impact on the Council's interests.

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

7.1 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.