

To:	Mark Humphries, Assistant Director Infrastructure & Technology
From:	Keith Bartlett, Print and Post Manager
Date:	24/08/2021
Contract Name:	Contract for the provision of preferred postal rates from Royal Mail
Contract Value:	Estimated £1,100,000, savings generated potentially 80k
Contract Length:	3 years + 1 year

GATEWAY 2: FOR CONTRACTS BELOW £1,000,000

The aim of this report is to provide OPG and the authorised officer, with key information about the procurement process undertaken to select a supplier for the goods or services outlined below. This report must be signed by the authorised officer prior to contract award - post approval by OPG (where total contract value exceeds £100,000) –to indicate that they wish to enter into contract with the preferred bidder.

This document contains information of a confidential and privileged nature and is intended for the exclusive use and benefit of the London Borough of Merton to record the award of a contract

For Contracts below £2m - Is this report to go to PrB? If Y, please tick reason(s)	
High risk project	
High Member interest / High public interest	
Multi-departmental project / cross organisational implications	
Concession / zero value contract	
Contract has carbon implications for/ impact on the Council	

1. Recommendation

- i) To join the contract for preferred rates from Royal Mail
- ii) That you confirm your approval, or otherwise, by signing at Section 8

2. Background & Subject Matter of the Contract

2.1 The contract with Royal Mail (RM) comes from the London Councils collaborating and placing an open tender for mail products. With downstream access companies now in the mail marketplace, RM were required to bid for the letters and packets business from London councils. As a result, LBM is able to get preferential mail rates from RM. Savings are available across a full range of services but as an example - a 22p reduction on a 1st class letter.

3. The Further Competition Process

3.1 This procurement was a pan-London exercise available to all London local authorities, which was led and delivered by Royal Borough of Greenwich. All due diligence has been carried out by Greenwich.

4. Evaluation process

4.1 The tender evaluation was carried out jointly by officers from Royal Borough of Greenwich and London Borough of Ealing following a further competition under the CCS 'Postal Goods, Services, and Solutions' framework agreement.

5. Financial implications

5.1 There is no spend required from LBM to benefit from the preferred rates offered by Royal Mail.. LBM current benefits from preferential rates from a previous pan London councils tender. Royal Mail are honouring those rates in the interim period until the new agreement is in place but if LBM does not take advantage of this contract, the Council will lose these preferential rates and this will increase the

postage spend to the authority by an estimated £80,000 per year for the life of the 3 year contract, with option to extend by an additional year (3 +1 year contract). LBM's annual postage expenditure is currently:

Year	Spend
2017/18	£320,856.15
2018/19	£317,436.46
2019/20	£312,871.62
2020/21	£156,985.40
Total	£1,108,149.63

6. Benefits of the successful bidder

6.1 All the bidders were analysed by Greenwich and Ealing Councils, RM's bid was successful primarily because their larger network infrastructure allowed them to offer the best rates across all services.

7. Legal implications

7.1 This report recommends approval to award a contract following the conduct of a mini-competition under the Crown Commercial Services (CCS) RM6017 Framework Agreement, undertaken by the London Postal Services Board (LPSB) on behalf of Merton and other councils.

7.2 Prior to conducting the mini-competition, the LPSB assessed the framework agreement and satisfied itself that the framework agreement was properly procured under the Public Contracts Regulations 2015 and that it may be used by the LPSB to procure the services on behalf of Merton and other councils. The Council through its own diligence processes has also satisfied itself of the foregoing.

7.3 The Council may lawfully call off from this framework for the following reasons:

- It is a compliantly procured framework;
- it is current, and has 2 years left to run;

- the Council was been sufficiently identified in the contract notice as a potential awarding authority;
- the scope of services offered fall within the Council's requirements.

7.4 The contract governance and contract management call off provisions are sufficiently robust and have sufficient scope within the Order form to further refine the Council's requirements.

7.5 To avoid the risk of challenge, the Council must ensure that it follows the procedure laid down in the framework agreement for forming and entering into a call off contract.

7.6 When awarded, the contract must be entered in the Council's Contract Register.

8. Sign off and Comments

Department	Comments	Date	Signed
Commercial Services	Comments incorporated	23/08/2021	Alex Cook
Service Financial Adviser	Comments incorporated into report	27/8/21	Ellis Kelly
Legal	Included in the report.	26.08.21	Yana Sanderson

9. Approval

By signing by signing below I confirm that I approve;

- i) the award of the contract for the provision of preferred Postages rates from Royal Mail for 3 years

Name: Caroline Holland
Position: Director of Corporate Services
Date:
Signature: