



## **Key Decision Report of the Corporate Director for Community Wealth Building**

<b>Officer Key Decision</b>	<b>Date: 19 July 2021</b>	<b>Ward(s): All</b>
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<b>Delete as appropriate</b>	Exempt	Non-exempt
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## **SUBJECT: Contract Award for Postal Goods and Services**

### **1. Synopsis**

- 1.1 This report seeks approval for the contract award for Postal Goods and Services, following approval of the procurement strategy 21 May 2021 and completed procurement.
- 1.2 The Council collaborated, as part of the London Postal Board (LPB), with 26 local authorities to procure a contract for physical mail at a fixed annual cost.

### **2. Recommendations**

- 2.1 To approve the call-off contract award for Postal Goods and Services from Lot 3 of the Crown Commercial Service (CCS) framework agreement RM6017 to Royal Mail for an initial period of three (3) years, with an optional extension of two (2) years, with an aggregate value for the whole potential contract period of five (5) years of £1.5million.
- 2.2 To note the need for the continuation of these services that support the council conducting its works with residents.

### **3. Date the decision is to be taken**

19 July 2021.

### **4. Background**

- 4.1 Islington Council has undertaken a procurement with 26 other local authorities that make up the LPB for postal goods and services at a contracted price. Each borough in the consortium will separately contract with the awarded provider.

The agreement provides pre-printed envelopes with an account number to be sent out under a standard contract price. Mailing of 1st and 2nd class items is held at fixed cost for participating local authorities.

The council will use our internal print services to produce the envelopes, with the majority of envelopes produced being 2nd class, representing a saving from 1st class post. To control costs 1st class will require authorisation from a head of service.

The LPB accessed the CCS framework agreement RM6017 (Lot 3) to procure a new single agreement for the participating boroughs. The framework agreement is available to public sector entities, providing the LPB with access to key players in the market. All providers on the framework agreement have undergone a rigorous pre-qualification process and have experience of delivering services to local authorities. All eight suppliers under Lot 3 of the framework agreement were invited to bid.

- 4.2 Estimated Value

The contract will be funded from existing revenue budgets for postal goods and services, with the main corporate sites such as the Town Hall and 222 Upper Street covering this via a centralised budget under the Facilities service. Postage for sites outside the main administrative provision such as 1 Cottage Road and the 245 St John Street Housing Office are to be funded by budgets held by Environment and Homes and Neighbourhoods, respectively.

Based on spend at £300k per annum, the new agreement for three (3) years + two (2) years will be an estimated value of £1.5m. Spend on mail is dependent on demand and may rise e.g. in the event of increased resident notification mailshots to the whole borough. Postal demand fluctuates during the year, such as when benefit notifications need to go out. The latest machine-readable mail equipment, makes mail easier to process and drives down costs.

- 4.3 Timetable

Each borough in the consortium will undertake their respective approvals for contract award in July 2021 and undertake preparatory mobilisation in August 2021, ready for go-live in September 2021.

## 4.4 Options Appraisal

Discontinuing the service was not a viable option and the council does not have the infrastructure to deliver the services in-house. The options were to procure independently, or the chosen option agreed in the procurement strategy, to procure in collaboration with the 26 members of the LPB using an established framework agreement.

## 4.5 Key Considerations

All eight suppliers under Lot 3 of the framework agreement were invited to bid. 3 suppliers responded, with 1 supplier submitting a full and acceptable response.

The evaluation criteria were adapted to match social value priorities around delivering local benefits supporting employment, diversity, inclusion and the Government Buying Standards on environment and sustainability to reduce carbon footprint. Suppliers were given the opportunity to outline their current activities and policies to support the single social value submission agreed by the LPB.

Islington's social value targets as noted below will be incorporated into key performance indicators during contract mobilisation with the successful supplier and monitored in regular review meetings:

### **Supporting local employment**

- Supplier commitment to invest in staff paying London Living Wage aiding motivation, productivity, retention and long-term prosperity of the local economy
- Seeking to maintain as much of the related financial activity within the local economy, with employment within the local and neighbouring boroughs
- Providing secure employment, which facilitates the ability to develop and enhance employee skills. To be supported with policies committed to promoting equalities and diversity for Black, Asian and Minority Ethnic and people with a disability ensuring employees have the opportunity to achieve their potential.
- The expectation will be for the supplier to engage in early notification of vacancies and recruitment opportunities, extending to participation in local employment events such as job fairs and working with the local authority's employability partners.

### **Supporting aims to go carbon zero**

- The supplier will have an environmental management policies where their business is structured to deliver its services in a sustainable manner, with actions demonstrating senior management commitment to ensure necessary actions are structured in a top down fashion for successful implementation.
- We will be looking for a supplier focused on having or progressively moving toward a sustainable transport fleet for delivery and collection services making a proactive contribution to align with the council's aim on achieving carbon zero with the reduction of detrimental CO2 emissions that impact the environment.
- There will be an expectation for their operations management to operate sustainable supply chain management where thought is given to conserve natural resources, reducing carbon emissions and carbon footprint throughout their operations. This should be underpinned by ensuring related materials used for the agreement have not come at the expense of a person having been exploited.

## Supporting local activities

- Evidence from suppliers using their presence in the borough to play an important role in supporting the local community and its economy.
- Participating in local schemes where local businesses can benefit from their knowledge and business processes, extending to a development programme to support local start-ups where they can benefit on how to grow sustainably.
- Evidence of opportunities supporting local businesses where accessing their services ensures money stays within the borough and supports an important source of local employment.
- The supplier's presence is also expected to be open and proactive around the area of local social enterprises and voluntary and community organisations.

## 4.6 Evaluation

All eight suppliers under Lot 3 of the framework agreement were invited to bid. Three suppliers responded, with one supplier submitting a full and acceptable response.

The award criteria was 60% price and 40% quality including social value.

The quality assessment had eight method statement questions:

- Social value: outcomes offered as additional benefits over and above the core requirements, providing tangible benefits for residents
- Environmental characteristics: what support can be offered to help the contracting body achieve any environmental considerations
- Provision of Goods and/or Services: Demonstrate a good understanding of the goods and/or services to meet the contracting body requirements
- Methodology: e.g. a clear demonstration of how the goods and/or services will be fulfilled and delivered
- Implementation plan proposed for delivering the required goods and/or services (including lead times) to meet the contracting body requirements along with a clear demonstration of the technical assistance that will be provided during implementation
- After sales service: demonstrate a robust after sales support structure is in place
- Security: demonstrate that all the security requirements of the contracting body can be met
- Service level agreements (SLAs) and key performance indicators (KPIs): demonstrate a clear commitment to meeting the SLAs and KPIs

The pricing schedule covered mailing categories against the combined benchmark volume submissions from the participating LPB boroughs. This included unsorted, low sort, high sort and tracked mail items.

The winning bidder, Royal Mail, achieved a combined score of 90.65%. The quality submission came in at 32.65% of the potential total 40%. Pricing was 58% of the potential total 60%.

#### 4.7 Business Risks

Not awarding this contract will have a detrimental impact on the deployment and management of vital mail-out services such as revenues, benefits, and parking charges, and on our statutory requirements around local and national democracy in sending out electoral polling cards for its residents (which may lead to challenges from the Electoral Commission).

Operating without a corporate agreement would lead to an uncoordinated and unmanaged mail operation resulting in a fragmented approach to mail within the council, with potentially different mail operators being used, and corporate costs not monitored accurately.

Awarding this contract will ensure the council has the opportunity to maintain its current centralised contract management, and thus to maintain and implement continuous efficiencies – through our own relationship with the provider and by maintaining a collaborative partnership with participating local authorities in the LPB. It allows us to monitor mail activity and ensure we can prepare for high volume activities such as elections.

4.4 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

4.5 The following relevant information is required in accordance with Procurement Rules:

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	Postal goods and services, as outlined within the report.  See paragraph 4.1
2 Estimated value	£300k per annum for a three (3) years + two (2) years agreement is £1.5m, dependent on demand.  See paragraph 4.2
3 Timetable	Mobilisation in August 2021 and contract start in September 2021, as outlined within the report  See paragraph 4.3
4 Options appraisal	The route adopted was to use lot 3 of the CCS RM6017 framework agreement, as outlined in the report.

	See paragraph 4.4
5 Key Considerations	As outlined within the report  See paragraph 4.5
6 Award criteria	60% price and 40% quality including social value, as outlined within the report  See paragraph 4.6
7 Any business risks associated with entering the contract	As outlined within the report  See paragraph 4.7
8 Any other relevant financial, legal or other considerations.	See section 5

## **5. Implications**

### **5.1 Financial implications:**

The financial value of the contract is up to £1.5million based upon an annual spend of £0.3million up to 5 years. The cost of the procurement will be met from existing revenue budgets within facilities management and the Environment and Homes & Communities departments. Cost will be minimised by 2<sup>nd</sup> class post being used as the default with head of service authorisation required for the use of 1<sup>st</sup> class.

### **5.2 Legal Implications:**

Islington Council under the Localism Act 2011 has a general power of competency, as it gives the council the legal capacity to do anything that an individual may generally do subject to any statutory limitations. The council has the power under this section to agree to the proposals in the report.

In addition the council has a general power under section 111 of the Local Government Act 1972 to do anything that is calculated to facilitate, or is conducive or incidental to the discharge of any of its functions. It provides council's with a general power to enter into contracts for the discharge of any of their functions.

The Local Government Act 1999, requires the council to make arrangements to achieve Best Value in the exercise of its functions when considering a service provision, which includes the service detailed in the body of the report.

This report seeks to approve the call-off contract award for Postal Goods and Services from Lot 3 of the Crown Commercial Service (CCS) framework agreement RM6017 to Royal Mail for a period of three (3) years, with an optional extension of two (2) years.

The value of the contract is 1.5 million over 5 years. Service contracts over the value of £189,330 need to comply with the Public Contracts Regulations 2015 (as amended) (PCR).

Compliance with the regulation 33 PCR is met by utilising an existing framework agreement, which is accessible to the council. The framework agreement appears to be compliant with the PCR.

The award of contract must also comply with Islington Council's Procurement Rules. Under Procurement Rule 3.1 when procuring from an approved central purchasing body such as the Crown Commercial Services, financial thresholds in table 1 of the Procurement Rules do not apply and the procedures laid out in the framework agreement prevail.

The decision maker can approve the recommendations provided they are satisfied with the contents of the report and the recommendations represents best value for the council.

### **5.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:**

An Environmental Impact Assessment (EIA) was completed on 03/04/2020 with a procurement focused on deliveries pushing for sustainable transport with low to zero emission vehicles.

### **5.4 Resident Impact Assessment:**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

An RIA was completed in July 2021 with no detrimental implications identified for residents around equality, safeguarding of human rights.

## **6. Reasons for the decision:**

- 6.1 The contractor recommended for award of the contract for Postal Goods and Services, Royal Mail, achieved the highest overall score, exceeding minimum quality requirements.

Awarding the call-contract in collaboration with 26 members of the LPB maximises the opportunities for economies of scale in delivery and operation of the service.

The CCS framework agreement is a compliant route to market with proven suppliers in postal goods and services, providing discounted pricing and value for money.

## 7. Record of the decision:

7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

### Signed by:

*SC Biggs*

19 July 2021

Corporate Director of  
Community Wealth Building

Date

### Appendices

- Resident Impact Assessment

### Background papers:

- None

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