

---

**Decision Maker:** PORTFOLIO HOLDER FOR RESOURCES, COMMISSIONING & CONTRACT MANAGEMENT

**Date:** 7<sup>th</sup> July 2024

**Decision Type:** Non-Urgent Non -Executive Key

**Title:** EXTENSION: MAIL SERVICES

**Contact Officer:** Peggy Umezuruike, Head of FM (Interim)  
020 8313 4394 E-mail: [peggy.umezuruike@bromley.gov.uk](mailto:peggy.umezuruike@bromley.gov.uk)

**Chief Officer:** Sara Bowrey  
Director, Housing Planning and Regeneration

**Ward:** N/A

---

## 1. Reason for report

- 1.1 This report seeks approval to extend the existing Mail Services with Royal Mail for a two year period using the formal extension option available within the contract. This contract was initially awarded via the London Postal Board consortium, a partnership of 22 local authorities, for the delivery of inbound and outbound mail services utilising the Crown Commercial Services (CCS) Framework SPS2164. Procuring through the consortium reduces procurement costs and obtains beneficial rates.
- 1.2 The current contract commenced on 16 September 2021 for a three year contract with the option to extend for up to two years. The initial term will end 15<sup>th</sup> September 2024. The contract has an estimated annual value of £90k (whole life value of £450k inclusive of extension option). The value of the proposed extension is £180k and will extend the contract to 15 September 2026.

---

## 2. RECOMMENDATION(S)

- 2.1 The Portfolio Holder for Resources, Commissioning & Contract Management is recommended to approve the two year extension of the Mail Service contract with Royal Mail, the value of the extension being an estimated £180k at £90,000 per annum, to run from 16<sup>th</sup> September 2024 – 15<sup>th</sup> September 2026.

## Impact on Vulnerable Adults and Children

1. Summary of Impact: To ensure that procurement of continued and guaranteed delivery of mail to critical service users inc. next day deliveries is adequately provisioned.
- 

## Corporate Policy

1. Policy Status: Existing Policy
  2. BBB Priority: Excellent Council:
- 

## Financial

1. Cost of proposal: 90k per annum; £180K for the two years extension and £450k over the full five year period:
  2. Ongoing costs: recurring costs of £90k per annum
  3. Budget head/performance centre: various budgets across all Departments
  4. Total current budget for this head: £90k
  5. Source of funding: Existing Revenue budget for 2024/25
- 

## Personnel

1. Number of staff (current and additional): N/A.
  2. If from existing staff resources, number of staff hours: N/A.
- 

## Legal

1. Legal Requirement: Statutory Requirement:
  2. Call-in: Applicable:
- 

## Procurement

1. Summary of Procurement Implications: The contract has a formal two year extension which can be applied in compliance with Public Contracts Regulations 2015.
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All staff inc. Officers, Members and Public
- 

## Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments: N/A

### **3. COMMENTARY**

- 3.1 In July 2021 the Council entered into its third CCS framework agreement for the delivery of inbound and outbound mail services and under the current arrangement it has delivered savings against standard mail pricings of £25,000.
- 3.2 The Council continues to enter directly into CCS Framework Agreements as they are not accessible through application by commercial entities as contracted by the Council.
- 3.3 As a Member of the London Postal Board the Council has aligned itself with the participating membership of circa. Twenty two London Authorities to seek agreement to extend the Mail Services from the expiry of the contract term.
- 3.4 The Council's inclusion within this extension affords it the benefit of being able to secure advantageous mail service pricing(s) owing to the combined volumes of the participating Council's, that are presented for considered pricing.
- 3.5 In order that the London Postal Board can continue to seek the most cost effective Incoming and Outgoing Mail services it sought the agreement of all members to support and enter into the new CCS Framework by the obtaining of their own internal authorisations.
- 3.6 As members of this consortium, the Council is sighted on the significant savings that several London Boroughs have made collectively over the initial contract term of the Contract, which the Council intends to be a part of and by going ahead with the extension, this will also gives the Council time and flexibility to consider its future options for the postal service following the move to Churchill Court. The Council's continued presence in the wider London Borough group is key to retaining buying power as the Council head into the next procurement process.

### **4. SUMMARY OF THE BUSINESS CASE**

- i) The current agreement with Royal Mail, that supports all of the Council's incoming and outgoing mail services reaches the end date of its agreed contract term on 15 September 2024.
- ii) The request to extend the current contract using the available contract extension option to continue the delivery of Incoming and Outgoing Mail Services is being made in order that the Council can continue to secure the best pricing arrangement for continuation of Mail Services from September 2024 through to September 2026.
- iii) Agreement to the continued inclusion of the Council within the London Postal Board consortium will realise best value outcome on service and costs through CCS Framework.
- iv) Extending the current contract for the two year period at an estimated cost of £180k, will ensure continuity of delivery through the London Postal Board consortium.

#### **4.1 SERVICE PROFILE/DATA ANALYSIS**

- 4.1.1 The Council's continued and primary usage is predominately for 1<sup>st</sup> and 2<sup>nd</sup> class outgoing mail with associated daily incoming delivery service.
- 4.1.2 The Council's will also need to ensure retained access to signed for outgoing mail items.

#### **4.2 OPTIONS APPRAISAL**

#### **4.2.1 Option 1:**

##### *Do Nothing*

This option is not recommended as it would lead to cessation of necessary service, which would impact service users adversely, result in loss of revenue and reputational loss for the Council.

#### **4.2.2 Option 2:**

##### *Retender the Service.*

This is not recommended as it would incur significant additional procurement costs and the timetable to carry out a comprehensive tender process and appoint a contractor by September 2024 would put continuity of service provision at severe risk.

#### **4.2.3 Option 3:**

##### *Extend current contract utilising available contract extension provision.*

- 4.2.1 The Council carries significantly large amount of Special Deliveries for the the provision of its services which are primarily provided by Royal Mail at discounted rate (please see: Appendix 1- Royal Mail Prices for London Boroughs). No other company provides this service.
- 4.2.2. Alternative service providers including UK Mail and WHISTL (formerly known as TNT), no longer provide the ' final mile' service, i.e from sorting office to recipient address on same day and they presently utilise the service of Royal Mail for this end action.
- 4.2.3 For regular mail distribution, most other mail service suppliers use the Royal Mail distribution network for the reasons set out in 4.2.1 above. Accordingly the use of alternative mail service suppliers will not provide value for money as (by engaging with Royal Mail directly) they will charge a mark up of up to 15% on top of the cost of the Royal Mail charges.
- 4.2.4 Continued integration with the London Borough's Postal Board consortium will ensure that the Council will continue to have access to and the advantage of beneficial price setting as calculated against the total volumes that will be presented by all of the participating London Authorities (See Appendix 1: Royal Mail Prices for London Boroughs).
- 4.2.5 Access to procure mail services through the CCS RM6017 portal affords the Council with the option to maintain current incoming and outgoing mail provisions but it will also enable the Council to independently scope options on future service provision through hybrid and/or Mailmark, which will be reviewed in line with the Facilities Management Commissioning Strategy, Civic Centre Accommodation Strategy and service options in respect of the Council Transformation Agenda.
- 4.2.6 Utilising the two year extension contract provision would guarantee uninterrupted continuous service and guaranteed cost until that date. Potential disruption to service due to issues with onboarding and poor service mobilisation is mitigated.
- 4.2.7 Due to the number of London Boroughs (as set out below) participating as part of a consortium, the Council benefits a discounted rate, which would be unavailable to the Council if the Council tendered the service independently.

Bromley	Newham	Ealing	Croydon	Enfield	Sutton
Wandsworth	Westminster	Greenwich	Merton	Richmond	Southwark
Hackney	Kensington & Chelsea	Harrow	Barnet	Kingston	Hounslow
Islington	Hillingdon	Tower Hamlets	Camden	Brent	

4.2.8 The Council will continue to manage the contract locally by holding regular service review meetings with the Royal Mail Account Manager to ensure agreed SLA, KPIs (set out below) and associated deliverables continue to be met.

					Borough Status SLA/KPI Achieved
Service Level Performance Criterion (PER BOROUGH) per incident	Key Indicator	Service Level Performance Measure	Critical Service Level Threshold	Service Credit for each Service Period (one month)	All Boroughs
<b>Overall Borough SLA/KPI Status</b>					
Timely billing of Contracting Body - Invoices should be submitted within the agreed invoicing schedule (monthly/weekly), be per account within each local authority, display a valid Purchase Order and consist of accurate charges for the billing period. For service credits to apply the Borough must supply the relevant Purchase Order per account.	Timeliness	No more than 4 failures in a rolling 6 months	16 failures in any rolling 6 months	0.5% Service Credit gained for each instance beyond the specified Service Level Performance Measure.	Yes
Access to the Dedicated Contracting Body support: Service request logs should be placed with the helpdesk by email or telephone. Telephone support will be provided Monday – Friday 08:00 – 18:00. This KPI and corresponding service credits are not applied in the event of a critical incident or service failure beyond our control.	Availability	at least 98% at all times	90%	0.5% Service Credit gained for each percentage under the specified Service Level Performance Measure	Yes
Complaints Handling: Acknowledgement of helpdesk complaint within 24 hours of receipt, update within 48 hours and every 48 hours until resolution. For service credits to apply the complaint must be notified to Royal Mail helpdesk via telephone or e-mail with Complaint in the subject heading if via e-mail.	Availability/Timeliness	No more than 1 failure in a rolling 6 months	4 failures in any rolling 6 months	0.5% Service Credit gained for each instance beyond the specified Service Level Performance Measure.	Yes
Accurate and timely management information to each Borough issued by 7 <sup>th</sup> working day of the following month. E.g. January management information to be issued by the 7 <sup>th</sup> working day in February. For the service credit to apply Royal Mail must have access to the Boroughs accounts via our systems and our profile must not be altered by the Borough.	Accuracy/Timeliness	No more than 1 failure in a rolling 6 months	4 failures in any rolling 6 months	0.5% Service Credit gained for each instance beyond the specified Service Level Performance Measure.	Yes
Quarterly accurate and timely management information including KPI/SLAs covering all members using the contract.	Accuracy/Timeliness	No more than 1 failure in a rolling 12 months period	2 failures in any rolling 12 months	No service credits payable	Yes

Premium Mail must reach the recipient by the following day e.g. Letter sent on a Monday (working day) arrives on the door mat of the addressee on the Tuesday (next day). N.B. Quality of Service is only monitored on a national basis	Services Availability	93% at all times	90%	No service credits payable	N/A
Standard Mail must reach the recipient no later than the 3rd working day e.g. Letter sent on a Monday (working day) arrives on the door mat of the addressee on the Thursday. N.B. Quality of Service is only monitored on a national basis	Services Availability	98% at all times	90%	No service credits payable	N/A
Collection of post from each site within 120 minutes of the agreed time on each day subject to major incidents beyond our control and road traffic accidents. For service credits to apply failures must be notified to Royal Mail helpdesk via telephone or e-mail with Urgent Collection Failure in the subject heading within 30 minutes of scheduled collection time.	Timelines	At least 98% at all times	90%	2% Service Credit gained for each percentage under the specified Service Level Performance Measure	Yes

### 4.3 PREFERRED OPTION Option 3

*Extend current contract utilising available contract extension provision.*

4.3.1 It is recommended to utilise the two year formal extension option available through the existing contract, and in alignment with the London Postal Board consortium. Access to this framework agreement CCS RM6017 portal has afforded the Council not only the option to maintain current incoming and outgoing mail provisions but it will also enable the Council to independently scope options on future service provision through hybrid and/or Mailmark, which will be reviewed in line with the Facilities Management Commissioning Strategy, Civic Centre Accommodation Strategy and service options in respect of the Council's Transformation Agenda.

### 4.4 MARKET CONSIDERATIONS

4.4.1 Access to the CCS Framework RM6017 will present the opportunity for an appraisal of suppliers presenting service delivery and cost as applied to a consolidated volume of mail items.

4.4.2 Should the Council enter the market as a single entity, its ability to negotiate a low cost option will be impacted upon by its relatively lower generated mail volumes of circa. 350,000 items when compared to the London Postal Board generated rates and would incur additional procurement costs .

## 5. STAKEHOLDER ENGAGEMENT

5.1 Stakeholders are satisfied with the existing postal service and regular service user engagement meetings are held to discuss service delivery issues.

## 6. PROCUREMENT AND GOVERNANCE ARRANGEMENTS

- 6.1 **Estimated Contract Value** – £450k whole life value (£90k per annum). The value of the proposed two year extension is £180k.
- 6.2 **Other Associated Costs** – £0
- 6.3 **Contract Period** – The two year extension option will commence from 16<sup>th</sup> September 2024 to 15<sup>th</sup> September 2026.

<b>Activity</b>	<b>Date</b>
Draft Report to Procurement, Legal & Finance	16 <sup>th</sup> May
Draft Report to Senior Leadership Team	23 <sup>rd</sup> May
Final Gateway Report	28 <sup>th</sup> May
Final report submission	4 <sup>th</sup> June
Final Report for Key Officer decision	24 <sup>th</sup> June
Implementation Date	16 <sup>th</sup> September

## **7. SUSTAINABILITY AND IMPACT ASSESSMENTS**

- 7.1 The London Postal Board aligns its tender with emphasis on sustainability benefits including fleet environment strategy, optimisation of transport networks, driver behaviours and introduction of hybrid/electric vehicles.

## **8. POLICY CONSIDERATIONS**

- 8.1 The CCS framework portal will assist the Authority and its partners in securing services that will result in savings as applied against general rate card costs.

## **9. IT AND GDPR CONSIDERATIONS**

- 9.1 N/A

## **10. PROCUREMENT CONSIDERATIONS**

- 10.1 The report seeks a two year extension to the contract with Royal Mail, utilising the formal extension options built into the contract, the value of the proposed extension being £180k.
- 10.2 The Council's requirements for authorising an extension are covered in CPR 23.6 and 13.1. For an extension of this value, the Approval of the Portfolio Holder following Agreement by the Chief Officer, the Assistant Director Governance & Contracts, the Director of Corporate Services and the Director of Finance must be obtained. In accordance with CPR 2.1.2, Officers must take all necessary professional advice.
- 10.3 Following Approval, the extension must be applied via a suitable Change Control Notice, or similar, as specified in the contract.
- 10.4 The actions identified in this report are provided for within the Council's Contract Procedure Rules, and the proposed actions can be completed in compliance with their content.

## 11. FINANCIAL CONSIDERATIONS

- 11.1 Members asked to agree extension to existing Royal Mail contract for a further 2yrs at a cost of £90k per annum, bringing the whole life value of the contract to £450k.
- 11.2 This will be funded from existing revenue budget and will not create an additional pressure for the Council.

## 12. PERSONNEL CONSIDERATIONS

- 12.1 Not Applicable

## 13. LEGAL CONSIDERATIONS

- 13.1 This report seeks approval to extend the existing Mail Services with Royal Mail via the Crown Commercial Services (CCS) Framework SPS2164 for two years until 15th September 2026 at an estimated cost of £180k.
- 13.2 The Council has both an implied and a specific power under section 111 of the Local Government Act 1972 to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
- 13.3 This is a services contract, and the value of this procurement falls above the thresholds set out in Part 2 of the Public Contracts Regulations 2015 (the PCR) so is subject to the Regulations. The extension can be completed in compliance with Regulation 72 of the PCR.
- 13.4 The Council's requirements for authorising an extension are covered in CPR 23.6 and 13.1. For an extension of this value, the Approval of the Portfolio Holder following Agreement by the Chief Officer, the Assistant Director Governance & Contracts, the Director of Corporate Services and the Director of Finance must be obtained.

## 14. Appendices

Appendix 1 – Royal Mail Prices for London Boroughs 2024.

<b>Non-Applicable Sections:</b>	<u>Ward Councillor Views</u>
Background Documents: (Access via Contact Officer)	PROVISION OF MAIL SERVICES VIA CROWN COMMERCIAL SERVICES FRAMEWORK RM6017. 1 <sup>ST</sup> APRIL 2020 Appendix 1: Royal Mail Prices for London Boroughs 2024