



ARTICLE NO: 2B

**CORPORATE &
ENVIRONMENTAL OVERVIEW &
SCRUTINY COMMITTEE:**

**MEMBERS UPDATE 2013/2014
ISSUE: 2**

Article of: Borough Solicitor

Relevant Managing Director: Managing Director (People and Places)

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**SUBJECT: CONTRACT PROCEDURE RULES – EXCEPTION –POSTAL
SERVICES**

Borough wide interest

1.0 PURPOSE OF THE ARTICLE

1.1 To advise Members of an exception to Contract Procedure Rules in relation to selecting a provider to meet the Council's postal requirements.

2.0 BACKGROUND

2.1 The Council's Contract Procedure Rules (CPR) specify arrangements for process leading to the award of a contract by the Council for goods or services.

2.2 CPR No. 7 – Contracts over £50,000 – provides the procedure where the estimated value or amount of a proposed contract exceeds £50,000. It states that tenders shall be invited in accordance with either Rule 8, 9 or 10 and shall be the subject of a contract signed by both contracting parties.

3.0 ISSUES

3.1 Historically, Royal Mail has been the main provider used to meet the Council's postal requirements. Other potential service providers have been investigated and the question of whether a Tender Exercise could be conducted in line with Contract Rule No. 7 (i.e. contracts over £50K in value) has been considered.

- 3.2 An appropriate framework was identified; namely the Government Procurement Service (GPS) which is open to use by local authorities. A specification of the Council's requirements was created and six firms on the GPS framework were supplied with the Council's specification and asked if they were able to meet the requirements.
- 3.3 Responses from the firms and the Government Procurement Service confirmed that only Royal Mail could offer direct end-to-end service (collection to delivery), 1st class post, registered/recorded delivery and nationwide coverage and are therefore the only service supplier that can meet fully the Council's postal requirements.
- 3.4 Some of the suppliers offer alternative ways of processing post (2nd class) but all include passing back to Royal Mail for final delivery, this is known as "down stream access". These alternative methods would involve a considerable amount of business process re-engineering on the part of the Council to change the way the Council works to meet the demands of the supplier.
- 3.5 Therefore without the re-engineering exercise taking place, Royal Mail are the only solution available at present who can meet the Council's current postal needs.
- 3.6 The contract value is more than £50K (and can be reasonably anticipated to be in the region of £200,000 per annum). Contract Procedure Rules require that such contracts must be tendered but there is only one supplier therefore a tender is impractical.
- 3.7 It is to be noted that the method of mailing and mailing services are regularly considered, and where specific exercises highlight that alternative means of delivery or services would provide best value for the Council, these are used.
- 3.8 The position will be re-examined in three years time to establish if any suitable operators have entered the market and therefore if a tender exercise could be run at that time.
- 3.9 It should also be noted that postal services are not covered by the full EU Procurement process which means that we can procure postal services without conducting a full EU Tender process.
- 3.10 This update confirms the grant of an exception to Contract Procedure Rule No. 7 to allow Royal Mail to be used to provide postal services to the Council without the need to tender. This is in line with the delegated ability to grant such exceptions at Contract Procedure Rule No. 4 (i) and (ii).

4.1 SUSTAINABILITY AND FINANCIAL AND RESOURCE IMPLICATIONS

- 4.1 There are no significant implications
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Background Documents

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

Equality Impact Assessment

This Article is for information only and does not have any direct impact on members of the public, employees, elected members and / or stakeholders. Therefore no Equality Impact Assessment is required.

Appendices

None.