

Report to: Cabinet
Date of meeting: 6 June 2016
Report of: Head of Community & Customer Services
Title: Procurement of the franking machine – exemption to contract procedure rules.

1.0 **Summary**

- 1.1 The Council has been using The Mailing Room for a franking machine since 2011. It has performed exceptionally well and that contract is being extended for a further three years.
- 1.2 The franking machine is used every day by The Council's post department and it provides The Council with a comprehensive mail franking system, which is easy to use and has the ability to access multiple/various post service providers such as Royal Mail and Whistl (formally TNT)
- 1.3 The Mailing Room reporting system can provide a vast amount of information, which is used by the Finance department to recharge the postal usage of departments monthly.
- 1.4 In line with the Procedures, the approval is being reported to Cabinet.

2.0 **Recommendations**

- 2.1 That Cabinet notes the Approved Exemption to the Council's Procurement Procedures in relation to the franking machine contract agreement.

Contact Officer:

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Report approved by: Alan Gough, Head of Community & Customer Services

3.0 **Detailed proposal**

3.1 The Council has been using a franking machine from The Mailing Room since 2011. It has performed exceptionally well saving the Council money on their postage costs. The existing contract with The Mailing Room was coming to an end.

3.2 Watford Borough Council has been given the opportunity to upgrade our system to realise additional monetary savings through extending the contract agreement. The Mailing Room will change our existing franking machine for a new one, with no increase in cost to our current rental agreement. The new device still has the capability to bill individual expenditure codes, which some other companies' devices are unable to provide.

Currently post charges from all carriers make price increases twice a year.

The large savings come from the fact, that we will still be able to use Whistl for the majority of our post. They are able to offer us a reduction in the price for our 2nd class mail due to our excellent read rates and our usage per day. The price per item will be reduced from £0.34808 to £0.2915 and using the figures from last years totals the savings would be around £17.5k. See Appendix A for details...

3.3 Following advice from Procurement Services, we have decided to implement an extension to the existing contract agreement through the process for exemptions within the Contract Procedure rules. This will enable The Council to take advantage of the immediate savings.

3.4 This was approved by the Head of Community & Customer Services and the Managing Director on 05 April 2016 and is now being reported to Cabinet for noting in accordance with the rules.

4.0 **Implications**

4.1 **Financial**

4.1.1 The cost for the machine is £9,980.00 per annum. Annual rental is staying the same.

4.2 **Legal Issues (Monitoring Officer)**

The contract procedure rules provide the facility to seek and exemption not to tender in limited circumstances, any exemption must be approved by both the Head of Service and Managing Director and then notified to Cabinet.

4.3 Equalities

4.3.1 Not applicable in relation to this item.

4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall score
Potential suppliers challenge the Councils decision not to procure the supply using a competitive tendering procedure.	1	2	2

4.5 Staffing

4.5.1 There are no staffing implications from this report.

4.6 Accommodation

4.6.1 There are no accommodation implications from this report.

4.7 Community Safety

4.7.1 There are no community safety implications from this report.

4.8 Sustainability

4.8.1 There are no sustainability implications from this report.

Appendices

Appendix A

Background Papers

No background papers were used in the preparation of this report.

File Reference

None