

**REPORT TO:** CITY GOVERNANCE COMMITTEE – 17 FEBRUARY 2025

**REPORT ON:** POSTAL SERVICES

**REPORT BY:** EXECUTIVE DIRECTOR OF CORPORATE SERVICES

**REPORT NO:** 40-2025

**1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to provide an update on the development of a sourcing strategy for the tender process for Postal Services and to seek approval to commence a compliant tender process, leading to the award of a contract.

**2. RECOMMENDATION**

- 2.1 It is recommended that the Committee:
- a approves the commencing of a procurement exercise in respect of the project described, based on the sourcing strategy, summarized in this report; and
  - b delegates authority to the Executive Director of Corporate Services to award a contract to the successful bidder, following a tender process carried out in compliance with the Public Contracts (Scotland) Regulations of 2015.

**3. FINANCIAL IMPLICATIONS**

- 3.1 There are no direct financial implications associated with this report, other than the estimated cost of the contract to be awarded, the sum of which has already been approved in the relevant budget. From previous experience and market testing carried out, the total cost of the contracts awarded is anticipated to be around £300k per annum. Any material deviation from this sum, resulting from the tender process that is above the amount allowed for contingencies, will require further approval from this Committee, prior to the contract being awarded.
- 3.2 There are 3 options for consideration in 2025/26:

| Option   | Total Spend        | Saving (in year)  |
|--|--------------------|-------------------|
| <b>Continue</b> outwith contract provider (Whistl) | <b>£383,219.29</b> | <b>£0</b>         |
| Engage in a contract with Royal Mail               | <b>£361,629.99</b> | <b>£21,589.30</b> |
| Engage in a contract with Whistl                   | <b>£348,059.47</b> | <b>£35,159.82</b> |

Our recommendation is to engage in a contract with Whistl. The contract will be for 2 years, with the option to extend.

**4. DETAILS OF THE PROJECT BEING COMMISSIONED**

- 4.1 Whistl provides a service for collection of physical mail and present it to Royal Mail who make the final delivery. We would wish to continue with this service by utilising the Crown Commercial Services framework, RM6280 Postal Services and Solutions. Our previous contract has expired. A move to Royal Mail for this service would be cost prohibitive, not only in terms of pricing but also in terms of the cost of change.
- 4.2 Estimated cost saving to formalise the contract with Whistl would be approximately £35k per annum, with no cost of change implications.

- 4.3 The different elements of Community Wealth Building have been considered within this assessment. The results are as follows:

Local contractors – staff are employed locally in relation to their depot and office locations.

Community Benefits - This contract will be procured through the Crown Commercial Framework which is an English based framework so therefore does not include specific community benefit requirements. The contractor has confirmed that they are involved in various community programmes in Scotland.

#### **Fair Work Practice**

Whistl staff are locally employed in relation to their depot and office locations.

Although Whistl are not Living Wage accredited, the account management team assigned to Dundee City Council are all paid above the living wage.

#### **Environmental / Fleet**

Whistl are firm in their commitment to transitioning to zero and ultra-low emission vehicles and expect to be 100% zero and ultra-low emission small vehicles by 2030. 65% of their current car fleet is electric or low emission. To support the electrification of vans and their car fleet, they have now successfully installed EV charging infrastructure across seven of their sites.

In 2023, they used transport management software to reduce vehicle mileage by planning efficient routes and optimising loads across each vehicle. In doing so, they increased their volume per route by 10%. In 2024, they continue to use this software to enhance efficiency. They invested in higher-efficiency internal combustion engine (ICE) vehicles to reduce the emissions generated by their HGVs. Their focus will be on increased miles per gallon (MPG), driving fuel reduction and subsequent emissions reductions. Whistl prioritise the use of low-emission vehicles in their fleet and have updated their commercial car fleet policy to include electric and ultra-low emission vehicles.

#### **Mail Handling**

Whistl's Glasgow depot collects from Dundee City Council and takes it back to the Glasgow depot for processing, before handing over to Royal Mail.

The supplier shall meet the applicable [Government Buying Standards](#) applicable to Deliverables.

## **5 SOURCING STRATEGY SUMMARY**

- 5.1 There is no opportunity to collaborate at the moment. Hybrid mail will eventually replace physical mail. We would wish to continue with this service by utilising the available Crown Commercial Services framework RM6280 Postal Services and Solutions. A move to Royal Mail for this service would be cost prohibitive, not only in terms of pricing but also in terms of the cost of change.
- 5.2 Whistl has been our main provider for 10+ years, procedures and processes are well established. There will be an annual cost saving of approx. £35k. Additional resource would be required to change provider with an associated cost implication.

## **6. RISK ANALYSIS**

- 6.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

| Description of Risk  | Actions to be taken to manage Risk   |
|--|--|
| <b>Commercial Risk</b> – That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.   | Pricing will increase as per the framework rules   |
| <b>Technical Risk</b> – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification   | The specification is contained within the framework agreement  |
| <b>Performance Risk</b> – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits   | We need a reliable service for outgoing mail and have experience of Whistl delivering the service to the required standard |
| <b>Contractual Risk</b> – Being able to remedy the 's shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops. | The supplier is experienced in delivering the service  |
| <b>Legal Risk</b> – where a procurement is found unsound in law, through the public procurement rules  | Procurement is through an existing framework   |

## 7. CONCLUSION

- 7.1 Whistl continues to deliver good service to the Council through our long-term relationship. Whistl meets our requirements and once the contract is awarded there will be an annual saving of approximately £35k.

## 8. POLICY IMPLICATIONS

- 8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

## 9. CONSULTATION

- 9.1 The Council Leadership Team were consulted in the preparation of this report.

## 10. BACKGROUND PAPERS

- 10.1 None

**ROBERT EMMOTT**  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES

15 FEBRUARY 2025

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