

# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved?  Yes  No

Ref PostalCC/FT/Jan25 Date 04/03/26

## Postal Contract Variation

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### Executive Summary

In accordance with the Council's Financial Regulations, this report notifies the Committee of the postal services contract which commenced on 1 January 2024 and is due to conclude on 30 June 2026, where the expenditure levels are anticipated to exceed the contract award levels by greater than 5% or £25,000.

Prior to the procurement exercise for this contract, services had identified known business as usual postal activity to ascertain projected contract costs. However, since the postal contract has been in place, a number of specific activities which were not previously anticipated at the time of procurement, has resulted in additional expenditure.

These activities, alongside a significant rise in postage costs, have contributed to additional postal spend to those previously outlined as in scope for the Hybrid, Planned/Bulk Mail contract.

The anticipated total spend to the contract end in June 2026 is expected to be in the region of £2,431,755.85, which is higher than the original contract value. Although expenditure through the contract is higher than anticipated, all costs are met through existing service budgets.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the content of this report and the accompanying appendix.

### The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

## 1. Background

- 1.1 The Council's General Contract Standing Orders (the 'GCSOs') outline financial approval thresholds for contracts for goods, works and services. This report details services (postal contract) where funding has previously been approved in line with GCSO's. 11.3
  - 1.2 The Council's Financial Regulation, (13.4) Significant Variations, details the threshold of variances where reporting is required.
  - 1.3 The Chief Officer of Strategy and Engagement is required to notify Committee on a periodic basis of any such contracts containing variations as identified by the criteria in 1.1 above.
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## 2. Report

- 2.1 The Council's Financial Regulations state, any variations where the outturn/expected costs exceed the tendered contract price by the higher of £25,000 or 5%, or where the outputs/outcomes achieved by the expenditure differ from those originally envisaged, shall be reported by the Chief Officer to the relevant Spending Committee at the earliest opportunity.
- 2.2 The Council utilised the Scottish Government's National Collaborative Framework for Postal Services ("National Framework") as the route to market to establish contracts for postal services. Following a full procurement exercise in 2023, the Council approved the award of call-off contracts for the provision of Postal Services (the "Contracts") to:
  - Royal Mail Group Ltd – for Physical Mail
  - Critiqom (trading as Adare SEC and now as Mail Metrics) – for Hybrid, Scheduled Bulk/Planned (Print and Post)
- 2.3 A robust review of postal service usage was carried out by an internal usage intelligence group prior to the procurement exercise to determine average expected expenditure and forecasted demand, and the switch to a new supplier for Hybrid, Planned/Bulk mail (print and post) contract was designed to deliver a net saving of approximately £0.064m in the first year of contract for known business as usual requirements.
- 2.4 The Hybrid, Planned/Bulk Mail contract was established for a period of 30 months at value of £1,678,511, with a projected average monthly cost of £55,950 for known business as usual ("BAU") requirements.
- 2.5 Contracts awarded by the Chief Officer of Strategy and Engagement for services undertaken in the period 1 January 2024 until 31 December 2025 (the contract is due to conclude on 30 June 2026), containing variations are detailed in Appendix 1 below.
- 2.6 Although the user intelligence group identified known business as usual activity, a number of unknown activities which were not previously anticipated at the time of procurement, has resulted in additional expenditure. This includes:
  - The introduction of the Garden Bin Permit Scheme in 2025 which was agreed at a meeting of the Environment and Climate Change Committee on 30 October 2024, and was therefore regarded as an unforeseen cost that wasn't built into the known business activity at the time of the procurement exercise. Including initial cost outlays for one-off items such as bin stickers and letters which were posted, the

total cost was £182,387.42 with additional forecast spend for a similar exercise in 2026. It should be noted that the Garden Bin Permit Scheme has also generated income of £1,751,120 to date.

- At the Communities Committee on 3 February 2025, approval was given to hold a half marathon event in the Motherwell area on 25 August 2025 and was therefore not a planned activity in terms of the forecasted postal demand to letter residents at a cost of £23,607.

2.7 Typically a contingency is designed into the contract to address unknown quantities or abnormalities but as outlined in 2.5, a number of specific activities have contributed to additional postal spend to those previously outlined as in scope for the Hybrid, Planned/Bulk Mail contract.

2.8 In addition, as agreed within the Framework as standard, the contractor applied new rates from 1 April 2025 following Royal Mail increasing prices by an average 14.18%, which has contributed to the increased spend. There are also inflationary rises that should be considered, including the increase in the cost of paper production and supply, which have impacted on costs.

2.9 Including the spend to date (£1,649,536.43) and the projected spend until the end of the contract on 30 June 2026, we anticipate total spend to be in the region of £2,431,755.85, which is higher than the original contract value, and is in the main, due to the reasons outlined in 2.6 and 2.8. Although expenditure through the contract is higher than anticipated, all costs are met through existing service budgets.

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### **3. Measures of success**

3.1 Contracts support the delivery of Council objectives and service priorities.

3.2 Contracts containing variances are managed by the Council and are compliant with Financial Regulations, GCSOs and procurement legislation.

3.3 The Council's Contract Register, and budgetary monitoring systems are kept updated by services and management information is comprehensive and accurate.

3.4 Best Value is both demonstrable and achieved.

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### **4. Supporting documentation**

4.1 Appendix 1 Summary of postal contract spend containing variations.



**Carolynne Coole**  
**Interim Chief Officer (Strategy and Engagement)**

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## 5. Impacts

<p><b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p><b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>As outlined in paragraph 2.9 and in Appendix 1.</p>
<p><b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p><b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p><b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/></p>

5.6	<b>Technology / Digital impact</b>
Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?	
Yes <input type="checkbox"/> No <input type="checkbox"/>	
5.7	<b>Environmental / Carbon impact</b>
Does the report / project / practice contain information that has an impact on any environmental or carbon matters?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
5.8	<b>Communications impact</b>
Does the report contain any information that has an impact on the council's communications activities?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
5.9	<b>Risk impact</b>
Is there a risk impact?	
Yes <input type="checkbox"/> No <input type="checkbox"/>	
If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?	
Contract management procedures may be susceptible to financial claims and legal challenge if they are not discharged in accordance with Contract Conditions, Financial Regulations, GCSO's and procurement legislation.	
Further business user insight involving all services will be required ahead of the next procurement exercise to ensure better forecasting.	
5.10	<b>Armed Forces Covenant Duty</b>
Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.	

**5.11 Children's rights and wellbeing impact**

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes  No

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes  No

## Appendix 1

### Summary of contract variation

Contract Title	Estimated Outturn	Tender Amount	Variation Reason
Postal Services Lot 2 - Hybrid, Planned/Bulk Mail	£2,431,755.85	£1,678,511	Call-off from Scottish Government Postal Services Framework for a period of 30 Months at value of £1,678,511. Due to a number of reasons including unplanned spend on the garden refuse permit programme, the half marathon and the inflationary rises including an increase in postage costs.