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Contract

## **1 Year Extension of the Horizon Services Agreement**

Post Office Limited

F20: Modification notice

Notice identifier: 2025/S 000-009521

Procurement identifier (OCID): ocds-h6vhtk-02a2c1

Published 14 March 2025, 4:09pm

### **Section I: Contracting authority/entity**

#### **I.1) Name and addresses**

Post Office Limited

London

EC2V 7ER

#### **Email**

[procurement@postoffice.co.uk](mailto:procurement@postoffice.co.uk)

#### **Country**

United Kingdom

#### **Region code**

UKI - London

#### **Companies House**

02154540

## **Internet address(es)**

Main address

<https://www.postoffice.co.uk>

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## **Section II: Object**

### **II.1) Scope of the procurement**

#### **II.1.1) Title**

1 Year Extension of the Horizon Services Agreement

#### **II.1.2) Main CPV code**

- 72000000 - IT services: consulting, software development, Internet and support

#### **II.1.3) Type of contract**

Services

### **II.2) Description**

#### **II.2.3) Place of performance**

NUTS codes

- UKJ - South East (England)
- UKK - South West (England)
- UKN - Northern Ireland

#### **II.2.4) Description of the procurement at the time of conclusion of the contract:**

1 year extension of the Horizon Services agreement from 1st April 2025 to the 31st of March 2026.

This Notice relates to a Modification to a Contract in accordance with Regulation 72(1)(b) of the Public Contracts Regulations 2015. Post Office Limited ("Post Office" or "the Authority") entered into an agreement with Fujitsu Services Limited ("FSL") dated 28th July 1999 ("Horizon Agreement") for the provision of certain services, including Services in respect of the HNG-X system ("Services"). The Horizon Agreement is due to

expire on the 31st March 2025 . In order to prepare the Horizon Agreement for expiry and

in order to receive transitional support from FSL following such expiry, the Horizon Agreement will be extended for a term of an additional one year to 31st March 2026.

The contract modification addressed by this Notice is for the provision of additional application and service management, maintenance, development and support services under an existing software and IT services agreement relating to Point of Sale/Service ('POS') customer facing transactions across multiple channels.

For a number of significant technical and economic reasons, a change of contractor would cause significant inconvenience and substantial duplication of costs for the Authority. The

estimated value of the additional services under the modification is £42,000,000 GBP.

Additional upgrades to address legacy technical debt issues estimated at £21,000,000 is also included in the modification value. NB: Any investment will be subject to POL agreeing suitable work orders with FSL.

#### **II.2.7) Duration of the contract, framework agreement, dynamic purchasing system or concession**

Duration in months

12

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## **Section IV. Procedure**

### **IV.2) Administrative information**

#### **IV.2.1) Contract award notice concerning this contract**

Notice number: [2021/S 000-009752](#)

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## **Section V. Award of contract/concession**

### **Contract No**

C100147

### **V.2) Award of contract/concession**

#### **V.2.1) Date of conclusion of the contract/concession award decision:**

29 November 2024

#### **V.2.2) Information about tenders**

The contract/concession has been awarded to a group of economic operators: No

#### **V.2.3) Name and address of the contractor/concessionaire**

Fujitsu Services Limited

Bracknell

Country

United Kingdom

NUTS code

- UKK - South West (England)

Companies House

00096056

The contractor/concessionaire is an SME

No

#### **V.2.4) Information on value of the contract/lot/concession (at the time of conclusion of the contract;excluding VAT)**

Total value of the procurement: £63,000,000

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## **Section VI. Complementary information**

### **VI.3) Additional information**

NB: Technical issues with Find a Tender has delayed publication of this notice.

### **VI.4) Procedures for review**

#### **VI.4.1) Review body**

Royal Courts of Justice

London

Country

United Kingdom

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## **Section VII: Modifications to the contract/concession**

### **VII.1) Description of the procurement after the modifications**

#### **VII.1.1) Main CPV code**

- 72000000 - IT services: consulting, software development, Internet and support

#### **VII.1.3) Place of performance**

NUTS code

- UKJ - South East (England)
- UKK - South West (England)
- UKN - Northern Ireland

#### **VII.1.4) Description of the procurement:**

Continuing provision of application and service management, maintenance, development and support services under an existing software and IT services agreement relating to Point

of Sale/Service ('POS') customer facing transactions across multiple channels.

Other than the extension of the term of the agreement, all other terms and conditions shall

remain the same with the exception of the removal of FSL obligations in respect of:

? Court Support Services, Litigation Support and prosecution support from both the Clauses and the Security Management Service: Service Description as well as Schedule A4 from the date of the execution of the modification; and

? Delivery of the Payment and Banking Service from 31st March 2025 or such earlier date as agreed between the Parties.

Additional upgrades to address legacy technical debt issues estimated at £21,000,000 is also included in the modification value. NB: Any investment will be subject to POL agreeing suitable work orders with FSL.

#### **VII.1.5) Duration of the contract, framework agreement, dynamic purchasing system or concession**

Duration in months

12

#### **VII.1.6) Information on value of the contract/lot/concession (excluding VAT)**

Total value of the contract/lot/concession:

£63,000,000

#### **VII.1.7) Name and address of the contractor/concessionaire**

Fujitsu Services Limited

Bracknell

Country

United Kingdom

NUTS code

- UKK - South West (England)

Companies House

00096056

The contractor/concessionaire is an SME

No

## **VII.2) Information about modifications**

### **VII.2.1) Description of the modifications**

Nature and extent of the modifications (with indication of possible earlier changes to the contract):

A one year extension of all Services from the 1st April 2025 to the 31st March 2026.

Other than the extension of the term of the agreement, all other terms and conditions shall remain the same with the exception of the removal of FSL obligations in respect of:

? Court Support Services, Litigation Support and prosecution support from both the Clauses and the Security Management Service: Service Description as well as Schedule A4 from the date of the execution of the modification; and

? Delivery of the Payment and Banking Service from 31st March 2025 or such earlier date as agreed between the Parties.

Additional upgrades to address legacy technical debt issues estimated at £21,000,000 is also included in the modification value. NB: Any investment will be subject to POL agreeing suitable work orders with FSL.

### **VII.2.2) Reasons for modification**

Need for additional works, services or supplies by the original contractor/concessionaire.

Description of the economic or technical reasons and the inconvenience or duplication of cost preventing a change of contractor:

This notice relates to the modification of an existing contract under regulation 72(1)(b) of the Public Contracts Regulations 2015 ("PCR").

The modification has become necessary because delays to Post Office Limited's ("POL") New Branch IT ("NBIT") project meant that it would not be possible to transition from its legacy system, Horizon - provided by Fujitsu Services Limited ("FSL"), to the new NBIT system before POL's contract with FSL expires by effluxion of time on 31st March 2025. By the time significant delays to the NBIT project had become apparent in October 2023, any alternative tendered solution to replace Horizon would not have been mobilised and transitioned to prior to 31st March 2025. It was, therefore, necessary to extend POL's contract with FSL for ongoing support of the Horizon system.

A change of contractor cannot be made for technical reasons. The existing Horizon system is a highly complex legacy platform, written in outdated versions of software languages, and incorporates five 'systems' in one (i.e., financial services, banking, government services, mails, and retail). "Horizon" is an aging platform and has an inflexible monolithic architecture that makes technology change difficult. It would not be possible to simply hand this system over to another supplier. A change of contractor would result in disproportionate technical difficulties in implementation as well as operation and maintenance. Furthermore, while there are other similar systems to Horizon available on the market, there are no alternative systems that currently meet all of Post Office's business needs without significant development or customisation. It would not, therefore, be technically possible to mobilise a replacement system before 31 March 2025. On that basis, there are technical reasons why a change of contractor cannot be made.

Changing contractor would cause significant inconvenience and duplication of costs. It would cause service disruption, cause significant data migration issues, require substantial business change at short notice, threaten continuity of service and create risk in the transfer of know-how. Furthermore, changing contractor would result in sunk costs, including an increase in run costs, dual running costs, and additional exit/transition costs.

The modification is less than 50% of the original contract value. The Horizon support agreement was originally valued at approximately £846,700,000. The maximum value of the extension, if all options are called on during its term is approximately £63,000,000. The increase is, therefore, approximately 7.4% of the original contract value.

In summary, a change of contractor cannot be made for technical or economic reasons and would cause substantial inconvenience and duplication of costs for the Post Office. The value of the extension is substantially less than 50% of the original contract value. Accordingly, Post Office is satisfied that the modification can be made under regulation 72(1)(b) of the PCR.

### **VII.2.3) Increase in price**

Updated total contract value before the modifications (taking into account possible earlier contract modifications, price adaptations and average inflation)

Value excluding VAT: £2,375,000,000

Total contract value after the modifications

Value excluding VAT: £2,438,000,000