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Contract

Extension of Network Tower Services Agreement

Post Office Limited

F20: Modification notice

Notice identifier: 2023/S 000-011166

Procurement identifier (OCID): ocds-h6vhtk-03c1e0

Published 19 April 2023, 8:41am

Section I: Contracting authority/entity

I.1) Name and addresses

Post Office Limited

Finsbury Dials, 20 Finsbury Street

London

EC2Y 9AQ

Email

procurement@postoffice.co.uk

Country

United Kingdom

Region code

UK - United Kingdom

Companies House

02154540

Internet address(es)

Main address

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

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Extension of Network Tower 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

- UK - United Kingdom

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

Post Office had undertaken a review of the existing supply chain and had chosen a strategic IT supply chain and optimal target operating model that adopted industry standards and good practice.

The model chosen allowed the provision of Service Towers being managed by a Service Integrator and Service Desk (SISD) Provider. To deliver this model, a number of procurements commenced in 2012 to identify a prime supplier to act as the SISD, and prime suppliers to support delivery of managed IT technical services comprising several service components through the Service Towers.

This procurement sought a prime supplier to provide a range of IT 'Network Services'

which encompassed a range of capabilities necessary to support secure connectivity and communication between and within Post Office locations. This included, but was not limited to:

- a) Wide area networks (WAN);
- b) Local area network (LAN);
- c) Network and IT Security;
- d) Unified communications;
- e) Mobility services; and
- f) Contact centre solutions.

A scalable and flexible solution is required to allow Post Office to grow with customer needs and support increased product diversity, reduced running costs and faster integration with its partners and suppliers. At the end of the contract term the bidder is expected to provide exit management services to transition the services to new suppliers.

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

Duration in months

96

Section IV. Procedure

IV.2) Administrative information

IV.2.1) Contract award notice concerning this contract

Notice number: [2015/S 117-212027](#)

Section V. Award of contract/concession

Contract No

212027-2015

V.2) Award of contract/concession

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

22 April 2015

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

Verizon UK Limited

Reading International Business Park, Basingstoke Road

Reading

RG2 6DA

Country

United Kingdom

NUTS code

- UK - United Kingdom

Companies House

02776038

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: £105,000,000

Section VI. Complementary information

VI.4) Procedures for review

VI.4.1) Review body

Royal Courts of Justice

London

Country

United Kingdom

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

- UK - United Kingdom

VII.1.4) Description of the procurement:

Continuing provision of services under an existing IT Services contract relating to Network Services provision for Post Offices' Branch and colleague Network.

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

Duration in months

36

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

Total value of the contract/lot/concession:

£45,400,000

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

Verizon UK Limited

Reading

RG2 6DA

Country

United Kingdom

NUTS code

- UK - United Kingdom

Companies House

02776038

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):

The following key amendments will be made to the Verizon Network Master Services Agreement.

A three year extension of all Services.

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 that has been necessary due to the following reasons:

On the 29th April 2022, BT Openreach announced that copper lines would no longer be sold from 118 exchanges across the UK and that by 2026 they will have begun the shutdown of the ageing copper wire telephone line network.

This means that Post Office will need to migrate approximately 11,500 branches away from the copper lines which provide their network connectivity, to an alternative services such as Fibre.

The Services cannot be transferred away from the original contractor before the Copper Stop deadline, which falls after the Verizon contract is currently due to expire (i.e. 20th May 2025), due to the complexity and vastness of Post Office's Branch Network which is critical to the communities it serves.

A change of contractor would result in technical difficulties in implementation as well as operation and maintenance at this time.

Awarding the services to a different contractor would also cause significant inconvenience in terms of service delivery, reliability and continuity of service.

In addition, the decision by BT Openreach to stop the sell of copper services could not have been foreseen by Post Office.

Therefore, Post Office has modified the contract in accordance with Regulations 72 (1) (b) and 72 (1) (c) of the Public Contracts Regulations 2015. NB: The increase in price as a result of the modified contract is less than 50% of the original contract value and the extension does not alter the overall nature of the contract.

The Services have thereby been extended for an additional period of 3 years from the 1st April 2023.

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: £105,000,000

Total contract value after the modifications

Value excluding VAT: £150,400,000