

## **RECORD OF DECISION MADE UNDER DELEGATED AUTHORITY**

### **\*PART 1 – PUBLIC DOCUMENT**

Any interest to declare/ or conflict and any dispensation granted [*if applicable*]

### **SERVICE DIRECTORATE: CUSTOMERS**

#### **1. DECISION TAKEN**

- 1.1 To procure a 2-year contract with a further option to extend by 1 year with DSI Billing Services Ltd via a framework for the supply of Govmail Hybrid Mail solutions.

#### **2. DECISION TAKER:**

- 2.1 Jo Dufficy, Service Director Customers

#### **3. DATE DECISION TAKEN:**

- 3.1 24 October 2023

#### **4. REASON FOR DECISION**

- 4.1 To ensure the continuation of service delivery in relation to outbound mail when the existing contract with NEC ends on 30<sup>th</sup> Nov 23. The new contract will commence on 01 Dec 2023 and end on 30<sup>th</sup> Nov 2025 with the option to extend for a further year.

#### **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 To continue with using NEC for the provision of our outbound mail provision. As NEC outsource the provision of Outbound mail to DSI it was decided that it is more cost effective to contract directly with DSI.
- 5.2 The alternative option of carrying out a full procurement exercise was considered a detailed market testing exercise concluded that DSI provided good value for money. Following procurement advice, it was agreed that it would be acceptable to direct award via a Framework.

#### **6. CONSULTATION (INCLUDING THE EFFECT ON STAKEHOLDERS, PARTNERS, AND THE PUBLIC)**

- 6.1 The Executive Member for Finance and IT, Councillor Ian Albert has been consulted and supports this approach.

#### **7. FORWARD PLAN**

- 7.1 This decision is not a key Executive decision and has therefore not been referred to in the Forward Plan.

#### **8. BACKGROUND/ RELEVANT CONSIDERATIONS**

- 8.1 North Herts Council has been working with DSI for 5 years. Although we work directly with DSI for the operational fulfilment of the outbound mail, the contract is between NHC and NEC for outbound mail.
- 8.2 The existing service provision from DSI works well for the authority and meets the needs of the services that use the product. The only issue with the current arrangement is that we are paying a premium for outbound mail costs because we contract with NEC who in turn outsource the provision of outbound Mail to DSI.
- 8.3 Procuring an alternative supplier for outbound mail at this time has been discounted due to the fact that by ending the contract with NEC and instead contracting directly with DSI would significantly reduce our spend on outbound mail.
- 8.4 The new contract with DSI is more flexible than the existing contract via NEC. The previous arrangements committed NHC to 200,000 images per annum regardless of postal usage. The new contract with DSI is on a pay as you go basis, and the postal costs will be lower than they are currently via NEC.

## **9. LEGAL IMPLICATIONS**

- 9.1. Under paragraph 14.6.4 (a) (ii) of the Council's Constitution, Service Directors have general authority to enter contracts to carry out works and/or for the supply of goods and services within approved budgets.
- 9.2. Paragraph 14.6.6 (a) (i) further gives the Service Director – Customers, the authority to manage, direct and control resources allocated to the Directorate in accordance with the Council's policies and procedures.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 Under our current contract first class post is £1.30, and second-class post is £0.87 per item.
- 10.2 The cost of the current contract in the period November 2022 to December 2023 is estimated to be £276k per annum based on the forecast number of items of post in this period.
- 10.3 The costs will reduce significantly by contracting directly with DSI. First class post will be £0.95, and second class post £0.62 per item.
- 10.4 Under the new contract to commence on 1<sup>st</sup> December 2023 the estimated cost is expected to reduce to around £198k per annum based on the same volumes of post.
- 10.5 The saving between spend on the old contract and new contract is expected to be around £78k. However, the current budget for the Hybrid Mail Service is £200k which means the actual saving will be around £2k.
- 10.6 An overspend was reported in 2022/23 but the budget was not increased on a permanent basis as there were plans to introduce an SMS and Email service that was expected to result in savings and also due to the anticipated lower cost of contracting directly with DSI. However, the introduction of the SMS and Email service has not yet been implemented so these savings have not yet been realised. The overspend also reflects the full year impact of sending debt recovery and summons correspondence by first class post.
- 10.7 Within the existing contract there is the additional functionality to send SMS and Emails, the cost of these are SMS £0.19 and Email £0.10p with a £225 monthly fee. The new contract also includes an SMS and Email service at a rate of £0.11 for SMS and £0.07 for email with no monthly fee.

**11. RISK IMPLICATIONS**

11.1 Failure to enter into a new contract for outbound mail would result in a disruption to service areas as the whole organisation use DSI for the dispatching of outbound mail.

**12. EQUALITIES IMPLICATIONS**

12.1 There are no equalities implications.

**13. SOCIAL VALUE IMPLICATIONS**

13.1 The Social Value Act and “go local” policy do not apply to this decision.

**14. ENVIRONMENTAL IMPLICATIONS**

14.1. There are no known Environmental impacts or requirements that apply to to this report.

**15. HUMAN RESOURCE IMPLICATIONS**

15.1 There are no human resource implications.

**16. BACKGROUND PAPERS**

16.1 none

**17. APPENDICES**

17.1 None


**NOTIFICATION DATE**

03 November 2023,

**Signature of Executive Member consulted** .....



**Date 01/11/2023**



**Signature of Decision Taker**

**Please Note: that *unless urgency provisions apply* EXECUTIVE decisions cannot be implemented until 5 clear working days have elapsed after the decision has been taken to allow for scrutiny call-in.**

**Call-in does not apply to NON-EXECUTIVE DECISIONS**