

Report of Recovery and Exchequer Services Manager

Report to Chief Officer – Financial Services

Date: 4th August 2017

Subject: Request to progress procurement of merchant acquiring services in line with CPR 3.1.8.

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The merchant acquiring services contract was awarded to NatWest (Streamline) following a full procurement exercise for the period 1st April 2011 to 31st March 2016. Within the terms of that contract there was provision for an extension of 3 years followed by a possible further extension of 2 years.
2. The option to extend for a further 3 years was taken which currently covers the provision of these services through to 31st March 2019.
3. Approval is now sought to carry out a procurement exercise for the period from 1st April 2019
4. The intention is also that the core banking contract which was awarded for the same contract period will be further extended for the final 2 years through to 31st March 2021 and both these decisions will ensure that these major procurements will fall at different times in the future, and additionally will enable an earlier “market test” of the merchant acquirer contract which has the higher annual value.

Recommendations

5. To progress procurement of merchant acquiring services in line with CPR 3.1.8 with the aim of awarding a contract from 1st April 2019.

1 Purpose of this report

This report is seeking the approval of the Chief Officer (Financial Services) to progress procurement of merchant acquiring services in line with CPR 3.1.8 with the aim of awarding a contract from 1st April 2019

.2 Background information

The ongoing requirement for merchant acquiring services is essential for the Council to continue to accept and process debit and credit cards through the full range of channels currently offered.

The current contract was awarded to NatWest (Streamline) (who later became Worldpay) for the period 1st April 2011 to 31st March 2016, with the further provision for an additional 3 years with a further 2 year extension also being available. In December 2015 the decision was taken to take up the first optional extension which provided these services through to 31st March 2019.

The initial award from April 2011 was the first time that the Merchant Acquiring services had been split from the core banking contract and as a consequence these contracts are currently due for renewal at the same time

The annual values of the merchant acquiring contract and core banking contract are approx. £300k pa and £135k pa (based on 2016/17 charges).

3 Main issues

The main core banking contract requires a considerable commitment of resources and the additional requirement to carry out procurement of merchant services simultaneously would further stretch limited resources.

The annual value of the merchant acquirer contract is significantly higher than the core banking contract and therefore by deciding to undertake a procurement exercise for these services rather than taking up the final contract extension potentially offers greater scope for savings to be realised.

4 Consequences if the proposed action is not approved

A decision to not agree to a further procurement exercise would result in a further extension for 2 years and leave both these procurement exercises to be undertaken together.

5 Corporate Considerations

5.1 Consultation and Engagement

This report is requesting a further procurement and will have no impact to service users and therefore requires no public consultation.

5.2 Equality and Diversity / Cohesion and Integration

Equality and Diversity has been considered but it is not appropriate for this request.

5.3 Council Policies and City Priorities

The annual value of the contract categorises this decision as a key decision and is already published on the "list of forthcoming key decisions".

5.4 Resources and Value for Money

The request to carry out a procurement exercise rather than simply extend due to the outcome of the market testing is fully in line with a best value approach.

5.5 Legal Implications, Access to Information and Call In

There are no legal implications to this proposal. Approval by the Chief Officer (Financial Services) will be deemed as a key decision and will be subject to call in.

5.6 Risk Management

Discussions with key officers and related suppliers have confirmed that sufficient time exists to complete procurement and implement by 1st April 2019, however should delays threaten this objective then an interim extension could be considered with the current supplier.

6 Recommendation

That the Chief Officer – Financial Services agree to progress procurement of merchant acquiring services in line with CPR 3.1.8

7 Background documents

None