



Report of Recovery and Exchequer Services Manager

Report to Chief Officer – Financial Services

Date: 6th August 2020

Subject: Request to progress procurement of merchant acquiring services in line with CPR 3.1.6.

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Has consultation been carried out?	<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. Both options to extend were exercised and the current contract will expire on 31st March 2021.
3. Approval is now sought to carry out a further procurement exercise for the period from 1st April 2021

Recommendations

4. The Director of Resources and Housing is asked to give authorisation to progress procurement of merchant acquiring services in line with CPR 3.1.6 with the aim of awarding a contract from 1st April 2021.

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 3.1.6 with the aim of awarding a contract from 1st April 2021

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. These channels include through mediated telephone calls with Council staff, through the range of services offered online via the Council website, through the 24/7 automated payment line, and the chip and PIN machines for payments made in person.

The current contract was awarded to NatWest (who later became Worldpay) will expire on 31st March 2021 with no further options to extend.

The annual value of the merchant acquiring contract is approx. £390k pa. Whilst this is a significant value it should be noted in the last 12 months the council processed over 1.7M transactions totaling in excess of £97M.

3 Main issues

Due to the volumes of card transactions the council processes and how integral the payment methods are to delivering on-line services there is no practical alternative to not renewing the contract.

A new Crown Commercial Services framework agreement now exists and a call off from this agreement would allow the Council to award a further contract for 4 years.

Following a preliminary assessment of the schedule of prices and responses to the the quality elements this has led to the joint recommendation from both the business and procurement services that we should carry out a mini re-tender from the 3 companies on the approved list. This will specifically take into account our requirements including details of our level of transactions.

The existing framework arrangement allows for the council to determine an approved split between quality and price and it is further recommended that the re-tender process will be assessed on a quality 40% and price 60% split.

4 Consequences if the proposed action is not approved

A decision to not agree to a further procurement exercise would result in either the council ceasing to have such arrangements in place, or that the existing supplier would continue to be the provider, which would be classed as "off contract spend" however the Council would be in breach of procurement rules as the value of the contract exceeds OJEU levels.

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 the consideration to re-procure is already published on the “list of forthcoming key decisions” (published 24th July 2020).

5.4 Resources and Value for Money

The further mini retender between the approved suppliers will hopefully ensure we get best value for money.

5.5 Legal Implications, Access to Information and Call In

To continue with the current supplier without re tender could be deemed to be contrary to EU procurement rules. 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

Whilst one of the 3 companies on the framework arrangement is our current provider sufficient time exists before 31st March 2020 to potentially switch providers should this be the outcome.

6 Recommendations

The Director of Resources and Housing is asked to give authorisation to progress procurement of merchant acquiring services in line with CPR 3.1.6 with the aim of awarding a contract from 1st April 2021.

7 Background documents

None