

## Notice of KEY Executive Decision

<b>Subject Heading:</b>	<b>AUTHORITY TO AWARD CONTRACT FOR PAYMENT ACQUIRING SERVICES</b>
<b>Decision Maker:</b>	<b>Dave McNamara – Statutory Section 151 and Chief Financial Officer</b>
<b>Cabinet Member:</b>	<b>Councillor Chris Wilkins – Cabinet Member for Finance and Transformation</b>
<b>SLT Lead:</b>	<b>Dave McNamara – Statutory Section 151 and Chief Financial Officer</b>
<b>Report Author and contact details:</b>	<b>Sean Cloake Head of Finance (Systems) (sean.cloake@onesoure.co.uk)</b>
<b>Policy context:</b>	The award of this contract will support the corporate priority 'A well run Council that delivers for People & Places'. The award of a new Payment Acquiring Contract ensures that the service enabling the Council to accept debit and credit card payments will provide value for money to residents in reducing costs.
<b>Financial summary:</b>	An award of a 3 year (with an option to extend by one year) contract for Payment Acquiring Services to World Pay has an estimated cost of £613,638 over 3 years (actual price will depend on payment volumes).

## Key Executive Decision

	<p>Under the existing contract, the cost over 3 years would be £1,079,452.</p> <p>This award will provide savings of circa £155,000 per annum.</p>
<b>Reason decision is Key</b>	<p>This decision is considered to be key as the total value of the award is in excess of £500,000 across the term of the contract.</p>
<b>Date notice given of intended decision:</b>	15 <sup>th</sup> December 2022
<b>Relevant OSC:</b>	Overview and Scrutiny Board
<b>Is it an urgent decision?</b>	No
<b>Is this decision exempt from being called-in?</b>	No

### **The subject matter of this report deals with the following Council Objectives**

Communities making Havering	[ ]
Places making Havering	[ ]
Opportunities making Havering	[X]
Connections making Havering	[ ]

## Part A – Report seeking decision

### DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

That the Statutory Section 151 and Chief Financial Officer agrees

- To approve the award of a 3 year service contract to World Pay at an estimated cost of £613,638, with the option to extend for one year, under RM6118 of the Crown Commercial Service framework.

### AUTHORITY UNDER WHICH DECISION IS MADE

The decision will be made by the Statutory Section 151 and Chief Financial Officer under the Havering Constitution as a member of the Senior Leadership Team. The specific clause being:

#### 3.3 Powers of Members of the Senior Leadership Team

##### To award contract powers

- (b) To award all contracts with a total contract value of between £500,000 and £5,000,000 other than contracts covered by Contract procedure Rule 16.3.

### STATEMENT OF THE REASONS FOR THE DECISION

- **Background**

This report concerns the Merchant Acquiring Service. The merchant acquiring service is critical to receiving income from credit card and debit card payments to the council. The merchant acquiring service is the service that takes the payment instructions given to Havering by its customers and taxpayers, and uses these instructions to obtain the money and transfer this to Havering. This service also provides CHIP and PIN machines used by the council to collect card payments.

This report summarises the process undertaken in completing the evaluation of potential suppliers and recommends to whom the contract should be awarded.

- **Detail**

The council receives over £60m a year in income via credit card and debit payments, this covers a wide range of the council's services, and business rates and council tax.

## Key Executive Decision

Over recent years, volumes of transactions for credit card and debit payments have been growing as the council has sought to encourage use of lower cost payment routes such as online payments, instead of more expensive payment routes such as cheque and cash. Some growth has also come from the growth in the council's tax base and from the council's programme to increase income.

The current contract is with WorldPay, who are one of the major companies providing merchant acquiring services. This contract has been on a rolling basis for many years, and initial reviews of the market indicated an opportunity for substantial savings by re-procuring this contract.

A number of procurement routes were considered however, it was decided to procure this contract via the Crown Commercial Services contract. This framework allows bids from three of the major merchant acquiring service providers, and offered the best option to secure a new contract in the available time.

- **Framework**

The proposed contract will be procured using the Crown Commercial Services (CCS) Payment Acceptance ref RM 6118 Lot 1 (the "CCS Framework").

The CCS Framework commenced on 3<sup>rd</sup> February 2020 and will expire on 2<sup>nd</sup> February 2024. Officers are seeking award a contract for a term of 3 years with an option to extend for 1 year.

The CCS Framework RM 6118 Lot 1 solution allows the council to accept payment through face to face or unattended POS (point of sale) terminals like car parking machines. The council can also accept alternative payment methods over the phone and the internet.

There are 3 suppliers on Lot 1:

- Barclays Payment Card Solutions
- Global Payments
- Worldpay Limited

- **Evaluation Process**

Potential suppliers solution and proposal documentation is provided through the framework and a desktop evaluation of the potential suppliers offers was undertaken using evaluation criteria below.

A financial assessment of the charges (based on existing card volume data), plus cost of change was undertaken using a pricing framework supplied under Lot 1.

Details of the evaluation criteria and weightings are detailed below:

Payment Acquiring Service	Weighting
Quality of which:	

## Key Executive Decision

Online Management Tool	5%
Fraud and Risk Management	10%
Payment Gateway Services, Web-based Interfaces and Browser Support	5%
Merchant Acquiring Set-up and Implementation	5%
Account Management	5%
<b>Quality Total</b>	<b>30%</b>
Price	70%
<b>Total Tender Score</b>	<b>100%</b>

- **Evaluation**

The tender evaluation was carried out by a panel of officers from Finance with support and guidance from procurement.

The quality review resulted in World Pay scoring the highest marks.

The financial assessment also has World Pay as the lowest cost.

World Pay represents the best value and is therefore the preferred and recommended supplier.

### **OTHER OPTIONS CONSIDERED AND REJECTED**

The current contract was reviewed and there are no options to extend what is in place, so this option is not possible.

Another framework was considered however, there is a cost associated with that framework where 20% of any savings from a renewal are paid to the framework. This was therefore rejected due to this being financially disadvantageous compared to the CCS framework.

### **PRE-DECISION CONSULTATION**


The services provided by the supplier are limited to the processing of debit and credit cards on the Council's behalf. There are no implications for the public, therefore no external consultation has been undertaken.

**Key Executive Decision**

**NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: **Sean Cloake**

Designation: **Head of Finance (Systems)**

Signature: 

Date: 6<sup>th</sup> February 2023

## Part B - Assessment of implications and risks

### LEGAL IMPLICATIONS AND RISKS

The Council has power to award the contract under s111 of the Local Government Act 1972 which permits the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The Council also has a general power of competence under Section 1 of the Localism Act 2011 to do anything an individual can do, subject to any statutory constraints on the Council's powers. None of the constraints on the Council's s.1 power are engaged by this decision.

The contract value is estimated at £613,638. The proposed contract value is above the applicable Public Procurement threshold for contracts for services £213,477 stipulated in the Public Contracts Regulations 2015 as amended ("PCR"). The procurement and award of the contract is caught by the full PCR regime. The contract is being awarded via CCS Framework (RM6118), which is PCR compliant. The framework is available to all UK public sector bodies and the Council is therefore entitled to call off from it.

As set out in this report, officers consider use of the RM6118 framework represents best value for the Council.

For the reason set above and subject to the existing contract with WorldPay being terminated, the Council may award the new contract to WorldPay.

### FINANCIAL IMPLICATIONS AND RISKS

Financial implications of this contract award are below. This new contract will result in a reduction in costs of 43% and a saving of circa £465k over the 3 year term.

The charges are based on card transaction volumes and so are subject to change depending on rates of card usage, however, estimated costs for the existing contract and the new contract based on current volumes are outlined below:

<b>Costs and Revenue Savings Summary</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total</b>
Current Costs	£359,817	£359,817	£359,817	<b>£1,079,452</b>
New Contract Costs	£204,546	£204,546	£204,546	<b>£613,638</b>
Reduction in Costs	£155,272	£155,272	£155,272	<b>£465,815</b>

There are no specific operational risks in relation to this award as World Pay are the current supplier. This will therefore not result in any changes to the service, except for

## **Key Executive Decision**

a reduction in charge achieved through contract award and not remaining on a rolling agreement.

At present there is budget of approx. £300k across parking, bereavement and corporate services; therefore, once the new contract is in place from the 1<sup>st</sup> of April 2023 a full year permanent budgetary saving of approx. £100k will be realised and used to contribute towards corporately held procurement savings targets.

## **HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

This service is currently provided by an external supplier and there are no implications for Council staff arising from awarding the contract.

## **EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce.

The proposals in this report have been reviewed and officers believe that there are no equality implications.

## **HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

The proposals in this report have been reviewed and officers believe that there are no health and wellbeing implications.

## **ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**



**Key Executive Decision**

The proposals in this report have been reviewed and officers believe that there are no environmental and climate change implications.

**BACKGROUND PAPERS**

None

**APPENDICIES**

**Key Executive Decision**

**Part C – Record of decision**

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

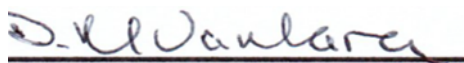
**Decision**

**Proposal agreed**

*Delete as applicable*

~~Proposal NOT agreed because~~

**Details of decision maker**

Signed: 

Name: Dave McNamara

CMT Member title: S151 Officer

Date: 16th February 2023

**Lodging this notice**

The signed decision notice must be delivered to Democratic Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_