

# Decision Pathway



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 02 October 2018

<b>TITLE</b>	<b>Procurement of Cash Receiving System</b>		
<b>Ward(s)</b>	All wards		
<b>Author:</b> Michael Pilcher	<b>Job title:</b> Finance Business Partner		
<b>Cabinet lead:</b> Asher Craig	<b>Executive Director lead:</b> Mike Jackson		
<b>Proposal origin:</b> BCC Staff			
<b>Decision maker:</b> Cabinet Member			
<b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b>			
<p>This report seeks approval to procure new contracts for systems for processing card payments and direct debit payments for all Council income streams and enter into associated contracts. This includes associated merchant acquiring services (banking of card payments) and the face to face payment network at Post Offices and Paypoints.</p>			
<b>Evidence Base:</b>			
<ol style="list-style-type: none"> <li>1. A payment method review of all payment systems and channels has been undertaken. This aims to ensure the Council provides payment methods and channels that meet the expectations of customers and allow the efficient collection of income.</li> <li>2. Our current contracts for provision of services to facilitate card payments, direct debits and associated merchant acquiring services are due for renewal in order to give assurance the Council is receiving best value from these contracts and also to comply with procurement regulations.</li> <li>3. There are multiple payment systems in place to receive council income, all with varying contractual arrangements. It is not possible to show that these arrangements currently provide fit for purpose or value for money solutions. The contracts in scope need to be recommissioned to comply with procurement regulations and will benefit from a strategic commissioning approach.</li> <li>4. Contract waivers for relevant contracts in scope have been approved or are under preparation by the Commissioning and Procurement Group (CPG). This is necessary to have a strategic commissioning approach to payment and cash receiving and, in this case, does not increase the procurement risk profile.</li> <li>5. There are three primary payment channels within scope of procurement : <ul style="list-style-type: none"> <li>• <b>Online</b> – This allows citizens and businesses pay their bills via the Bristol City Council website.</li> <li>• <b>Telephone</b> – This allows citizens to pay bills over the phone by debit/credit card and set up direct debits.</li> <li>• <b>Face to Face</b> – There are many locations at which citizens can make face to face payments, at Council owned locations, or at Post offices and Pay Point locations. This proposal will enable and maintain face to face opportunities for citizens to make payments. The post office and pay point contract is in scope for re-procurement, which provides the payment network for the collection of Council Tax and Housing Rents via Post Offices and Paypoint outlets. The payment systems for taking on-site card payments is also within scope of this procurement. The payment kiosk at the Customer Service Point within 100 Temple Street is not in scope.</li> </ul> </li> </ol>			

6. A project is underway to deliver this procurement exercise, which is subject to corporate governance and controls via Delivery Working Group. The multi-disciplinary project team will ensure compliance with procurement regulations and deliver an implementation plan that ensures integration with key systems, including the Council's finance system. The procurement exercise will be OJEU compliant and will include an element for social value aligned to the Council's Social Value policy.
7. Cabinet approval is required to procure relevant payment systems in scope. The ongoing revenue cost profile for newly procured contracts is expected to be in the range of £600k - £700k per annum.. Costs will be met within existing General Fund and HRA budgets.
8. Projected costs are based on current expenditure for contracts in scope. Savings made from a coordinated procurement approach are likely offset by projected increases in transactions (e.g due to implementation of Universal Credit, channel shift from cash payments). A full level of confidence will be achieved through the procurement exercise prior to Full Business Case.

**Recommendations:**

That Cabinet:

1. Approve the procurement of systems for processing credit/debit card and Direct Debit payments for all Council income streams. This includes associated merchant acquiring services (banking of card payments), face to face payment network for Post Offices and Pay Point and online/telephone payments.
2. Delegate authority to the Director of Finance, in consultation with the Deputy Mayor with responsibility for Communities, Events and Equalities, to procure and award the contracts (with a combined maximum value of £700k per annum) for five years with optional extensions for a maximum of two years.

**Corporate Strategy alignment:**

This proposal contributes to the following Corporate Strategy priorities / principles:

- Being responsible financial managers
- Raising money in a fair but business like way

**City Benefits:**

- Improved customer service, providing payment methods in line with customer expectations
- A range of payment methods available to all citizens in order to pay sums due in a convenient, efficient manner.

**Consultation Details:** none

<b>Revenue Cost</b>	<b>£0.6m - £0.7m p.a.</b>	<b>Source of Revenue Funding</b>	Existing General Fund and HRA budgets
<b>Capital Cost</b>	<b>£nil</b>	<b>Source of Capital Funding</b>	Not applicable
<b>One off cost</b> <input type="checkbox"/>	<b>Ongoing cost</b> <input checked="" type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:** The costs for these contracts is for card transaction fees for each payment the Council receives and for the associated software. Across the three contracts this totals between £0.6m and £0.7m (dependent on actual annual transaction volumes). This is within current approved budget.

**Finance Business Partner:** Michael Pilcher - 04/09/18

**2. Legal Advice:**

Given the potential aggregated value of this procurement exercise (up to £4.9m over the full term) the procurement process must be conducted in line with the 2015 Procurement Regulations and the Councils own procurement rules. Legal services will advise and assist officers with regard to the conduct of the procurement process and the resulting contractual arrangements.

Appropriate consultation should take place with affected staff if any TUPE implications arise from the re-procurement of the contracts.

As the current services are being maintained there are no equalities or public consultation issues arising from the proposals in this report.

**Legal Team Leader:** Husinara Jones, Team Leader, 06/09/2018

**3. Implications on IT:** IT is supportive of this initiative to upgrade and refresh and payment systems. The project will need to consider integration with line of business systems and will need to factor these into the procurement and deployment activities. The due process of engagement with Change Services will ensure that these requirements are considered.

**IT Team Leader:** Ian Gale, 05/09/18

**4. HR Advice:** No HR implications evident

**HR Partner:** James Brereton (People & Culture Manager), 17/08/18

<b>EDM Sign-off</b>	Mike Jackson	<b>29/08/2018</b>
<b>Cabinet Member sign-off</b>	Asher Craig	<b>30/08/2018</b>
<b>CLB Sign-off</b>	Colin Molton	<b>18/09/2018</b>
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	<b>03/09/2018</b>

<b>Appendix A – Further essential background / detail on the proposal.</b>	<b>NO</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>
<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>YES</b>
<b>Appendix G – Financial Advice</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Combined Background papers</b>	<b>n/a</b>
<b>Appendix J – Exempt Information</b>	<b>NO</b>
<b>Appendix K – HR advice</b>	<b>NO</b>
<b>Appendix L – ICT</b>	<b>NO</b>