

Report to Cabinet

24 November 2022

By the Cabinet Member for Finance and Parking

DECISION REQUIRED



Appendix 1 exempt under Paragraph 3 of Part 1 of the Schedule 12A to the Local Government Act 1972 (not available yet)

Procurement of Merchant Acquiring Service - Tender Award

Executive Summary

The purpose of this report is to approve the award of contracts for the merchant acquiring service following a comprehensive tender process.

The Cabinet is asked to approve the letting of the contract for credit and debit card acquisition to the Contractor identified in Appendix 1. This follows a 'direct award' procurement process within a national Crown Commercial Services (CCS) framework agreement. Globalpayments are the existing supplier for the majority of the portfolio and Worldpay are the existing supplier for a service area that previously could not be transferred to Globalpayments.

Recommendations

- i) That the Cabinet is recommended to award the contract to supply merchant acquisition service to the Contractor identified in Appendix 1 for a period of two years with the option to extend for a further two years.

Reasons for Recommendations

- i) This follows a procurement process using a Crown Commercial Services framework agreement.

Under the current Public Contracts Regulations (2015) the Council is legally required to competitively tender or utilise a compliant Framework Agreement if the value of the goods or services exceeds the current threshold of £213,477 (inclusive of VAT).

Wards affected: All

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Background Information

1 Introduction and Background

- 1.1 The merchant acquisition service allows card payments to be taken. The current supplier is Globalpayments and the service was procured under a Crown Commercial Services framework RM3702 in November 2018 for an initial two years.
- 1.2 This contract was continued beyond the initial two years, however the framework being used was replaced by the new framework RM6118. The service continued with the same conditions as were in place for old framework but it was decided to reprocure using the new framework to regularise the position by establishing which framework was being used and the length of the contract.

2 Relevant Council policy

- 2.1 The procurement is being undertaken in line with the corporate objective to provide quality value for money services.

3 Details

- 3.1 To accept card payments the Council requires a card acquisition service. This service is currently supplied in the majority of the payment channels the Council uses by Globalpayments. The exceptions are where third-party card payment systems bundle up card acquisition with the rest of the payment system. The current contract was procured under the Crown Commercial Services framework RM3702. This framework has been replaced by a new framework RM6118. Finance and Procurement officers carried out an evaluation of the acquiring service available in the new contract on Monday 17 October 2022 and the Contractor identified in Appendix 1 was the overall best value.
- 3.2 The Crown Commercial Services Pricing Matrix includes direct payments and indirect payments
- 3.3 The direct payments are the 'real fees'; what the Council pays for the service.
- 3.4 The indirect payments are Visa and Mastercard charges that go through the Contractor but are passed onwards; these are fees outside of the Council's control and were previously unreportable which is why the Contract Value appears larger.
- 3.5 While the declared Contract Value in Appendix 1 is significantly more expensive than the declared value for the last contract, in reality the cost of the card acquiring element has remained the same because the inclusion of the indirect payments has inflated the contract value. These indirect costs are identical for all possible suppliers and are passed through to card companies rather than retained by the contractor.

4 Next Steps

- 4.1 If approved, the next step is to complete a "call off" schedule which is a part of the framework to access the contract.

5 Views of the Policy Development Advisory Group and Outcome of Consultations

- 5.1 The Finance and Parking Policy Development Advisory Group of 7 November 2022 considered this matter and agreed it was an appropriate way forward.
- 5.2 Both the Monitoring Officer and the Director of Resources have agreed it follows appropriate legal and financial practice.

6 Other Courses of Action Considered but Rejected

- 6.1 The Council could have carried out an open tender but this would be resource intensive and not justified by the amount spend per year. The Crown Commercial Services framework is known to be very competitive in this area and the Council can use the detail technical specification in the framework which it would struggle to duplicate.

7 Resource Consequences

- 7.1 As the rates charged by the Contractor are unchanged there is no financial consequence.
- 7.2 There are no staffing issues as a result of the decision.

8 Legal Considerations and Implications

- 8.1 If agreed, officers will consult with legal colleagues on the contents of the call off schedule needed to enter the contract. The Crown Commercial Services framework has been set up to allow councils to access it without the need for detail legal consideration.

9 Risk Assessment

- 9.1 As the supplier have already gone through an extensive pre-qualification, we should be confident the service will be robust and of sufficient quality. The price is guaranteed in the framework and it is very competitive so it is unlikely a significantly cheaper service will be available in the contract period.

10 Procurement implications

- 10.1 The Council has complied with all necessary Procurement Regulations and the Council's Procurement Code. The procurement processes have been overseen by the Council's Procurement Senior Procurement Officer, supported by the Senior Solicitor ensuring compliance.

11. Equalities and Human Rights implications / Public Sector Equality Duty

- 11.1 There are no issues in this area and no Equalities Impact Assessment is required.

12 Environmental Implications

- 12.1 There are no implications in this area as the service is purely electronic using existing infrastructure and using minimal amount of power.

13 Other Considerations

- 13.1 The Crown Commercial Services framework mandates the following of **Data Protection** regulation. The Contractor has indicated they will work with the Council to counter card fraud, which aligns with the Council's objective to address **Crime & Disorder** issues.