

Policy and Resources Committee Meeting Agenda Item:

Meeting Date	8 June 2022
Report Title	Award of Merchant Services Contract
SMT Lead	Lisa Fillery, Director of Resources
Head of Service	Philip Wilson, Head of Finance and Procurement
Lead Officer	Philip Wilson, Head of Finance and Procurement
Classification	Open

Recommendations	<ol style="list-style-type: none">1. That the Committee decides to place its merchant services requirements with Worldpay.2. That the period of the contract should run for four years from 9 June 2022.3. That the Policy and Resources Committee approve delegated authority to the Director of Resources in consultation with the Chair of the Policy and Resources Committee to enter into the contract with Worldpay.
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1. Purpose of Report and Executive Summary

- 1.1 This report requests authority from the Policy and Resources Committee to award the merchant services contract to the preferred supplier through a framework agreement. Merchant services is term used for the service provided to enable the Council to take payments from customers using cards, or other devices via a secure, encrypted channel.

2. Background

- 2.1 The Council requires merchant services to facilitate the acceptance and processing of debit and credit card transactions. There is a charge based on the value of the transaction which can vary according to the type of card used. This report covers the use of merchant services for the payment of Council Tax and other items by card via the Council's website and telephone payments.
- 2.2 The merchant services contract was put out to tender in 2016 and reported to Cabinet on 5 October 2016. The Cabinet approved the recommendations that the Council place its merchant services requirements with Worldpay for three years from 16 January 2017 with the option to extend for a further two years. This option was taken up so that the current contract arrangements ended on 16 January 2022.

- 2.3 The Council obtained the services of a consultant to review the current contract and future approach. They concluded that the tariffs available via the Crown Commercial Service framework agreement are lower than the levels that the Council can realistically expect to achieve through an open tender process.
- 2.4 A framework is an agreement between a contracting authority (such as Crown Commercial Services) and one or more suppliers which establishes the terms under which a supplier will enter into a contract with a member in the period during which the framework agreement applies. In effect this means that the Council is able to use this contract arranged by Crown Commercial Services without having to go out to tender itself.
- 2.5 In 2021/22 the cost of merchant services covered in this report was £69,500. In 2021/22, the Council received £14.5m income via credit/ debit cards under this contract (of which £12m was for council tax) and it is vital that this service is efficient, accurate and reliable.
- 2.6 The consultant compared the Council's current costs with Worldpay against the costs that would be incurred once the contract is procured through the framework agreement. The result was that the annual cost on the existing tariffs was estimated at £73,600 compared to the costs via the Crown Commercial Services framework of £52,300. The value of a four year contract under the Crown Commercial Services framework is £209,200.
- 2.7 It is therefore recommended that the Policy and Resources Committee agree the recommendation for the Council to place its merchant services contract for this service with Worldpay using the Crown Commercial Services framework. This will be for a four year contract beginning 9 June 2022 to 8 June 2026.
- 2.8 Due to resource issues it was not possible to agree the new contract in time for an earlier Cabinet meeting. It is estimated that the cost of the merchant services with Worldpay from 17 January 2022 to 8 June 2022 is £24,800 including VAT. As this is under £25,000 this will be treated as one quotation in advance under the Council's Contract Standing Orders.

3. Proposal

- 3.1 To approve the recommendation that the Council places its merchant services requirements for payments through the website and by telephone with Worldpay through the Crown Commercial Services framework agreement as detailed in the report.

4. Alternative Options

- 4.1 An open tender exercise could be carried out but this could result in higher tariffs than being paid through the proposed framework agreement and significant use of staff resources to facilitate the procurement process.

5. Consultation Undertaken or Proposed

5.1 No consultation was carried out for this report.

6. Implications

Issue	Implications
Corporate Plan	The selection of a tenderer to meet the Council's merchant services requirements assists the delivery of the "renewing local democracy and making the Council fit for the future" priority within the Corporate Plan.
Financial, Resource and Property	The 2021/22 core merchant services cost was £69,500. The anticipated annual reduction in cost is estimated to be in the region of £21,000.
Legal, Statutory and Procurement	The proposed framework agreement has met the Public Contract Regulations. The Council will ensure that the correct procurement procedure under the framework will be followed. The whole life value of the contract is £209,200.
Crime and Disorder	None identified at this stage.
Environment and Climate/ Ecological Emergency	None identified at this stage.
Health and Wellbeing	None identified at this stage.
Safeguarding of Children, Young People and Vulnerable Adults	None identified at this stage.
Risk Management and Health and Safety	None identified at this stage.
Equality and Diversity	None identified at this stage.
Privacy and Data Protection	None identified at this stage.

7. Appendices

7.1 There are no appendices.

8. Background Papers

8.1 All background papers to this report are held in the Finance and Procurement Department.