

Cabinet	
Meeting Date	13 July 2016
Report Title	Payment Service Contract
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance and Performance
SMT Lead	Nick Vickers, Head of Finance
Head of Service	Nick Vickers, Head of Finance
Lead Officer	Phil Wilson, Chief Accountant
Key Decision	Yes
Classification	Open
Forward Plan	Reference number:
Recommendations	<ol style="list-style-type: none"> 1. That in principle the Cabinet agrees to place its Payment Service requirements with Allpay. 2. That the period of the contract should run for four years from 1 February 2017. 3. That the Cabinet approve delegated authority to the Head of Finance in consultation with the Cabinet Member for Finance and Performance to enter into the contract with Allpay.

1. Purpose of Report and Executive Summary

- 1.1 This report seeks authorisation from the Cabinet to award the contract for this payment service to Allpay.

2. Background

- 2.1 The current payment service contract gives Swale residents the opportunity to make bill payments, such as for Council Tax, at any Post Office or Paypoint agent in the United Kingdom. Currently this service is provided by the Co-operative Bank who handle the onward transmission of payment data and settlement of funds to the Council from the cash collected by the Paypoint network and the Post Office. The Council collected £5.7m through this route in 2015/16 out of a total income for the year of £178m which includes income from council tax and business rates collected on behalf of precepting bodies such as Kent County Council, Fire and Police.
- 2.2 The contract with the Co-operative Bank signed under the Procurement for Housing (PfH) EU compliant framework agreement was agreed by Cabinet on 14 March 2012 (minute 622/03/2012).
- 2.3 A framework is an agreement between a contracting authority (such as PfH) 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 PfH without having to go out to tender itself.

2.4 Previously PfH had offered the provision of the bill payment services via one framework with a sole award to the Co-operative Bank. However, in 2015 PfH organised a new framework for payment services. The new contract was awarded on 2 September 2015 and was fully OJEU compliant. The new framework is organised into two lots:

2.4.1 Lot 1: a multiple network solution whereby customers can use both the Post Office and Paypoint networks to make payments. This was awarded to Allpay Limited.

2.4.2 Lot 2: a single network solution, where only the Paypoint network can be used, i.e. payments can no longer be made via the Post Office network. This was awarded to Paypoint.

2.5 The cost to the Council of the payment service to collect the £5.7m in 2015/16 was £39,800 (0.7% of the amount collected). Under Lot 1, the comparative cost would be £38,800 and Lot 2 would be £31,500.

2.6 In 2015/16 the Council received 27,281 (31%) transactions via the Post Office and 61,477 (69%) from Paypoint network, a total of 88,758.

2.7 Therefore, despite the lower cost of the Lot 2 option, it is recommended that the Lot 1 option be used given the high level of use by our customers of the Post Office network, i.e. the contract is awarded to Allpay Limited. There will also be some small set up costs for the development of systems.

2.8 Allpay Limited was awarded as a sole supplier for the Lot 1 multiple network managed service. Therefore, there is no requirement for further competition.

2.9 The contract with Allpay Limited will commence from 1 February 2017 and will be for four years, which is the maximum possible under a framework agreement. The whole life value of this contract is estimated to be £159,400.

3. Proposal

3.1 To approve the recommendation that the Council places its payment services requirements as detailed in the report with Allpay Limited.

4. Alternative Options

4.1 The Council could choose to stop collecting payments in this way. This would not be recommended as :

- this may have an adverse effect on collection rates; and
- the opportunity for people to pay in cash would be removed.

5. Consultation Undertaken or Proposed

5.1 No consultation was carried out for this report.

6. Implications

Issue	Implications
Corporate Plan	The proposals are in line with the Councils' Procurement Strategy (2013 – 2016) which advocates the use of framework agreements. This assists the delivery of the "council to be proud of" priority within the Corporate Plan.
Financial, Resource and Property	The 2015/16 cost was £39,800. The whole life value of the contract is forecast to be £159,400.
Legal and Statutory	The proposed framework agreement has met the European Union Public Contract Regulations. The Council will ensure that the correct procurement procedure under the framework will be followed.
Crime and Disorder	None
Sustainability	None
Health and Wellbeing	None
Risk Management and Health and Safety	None
Equality and Diversity	None

7. Appendices

7.1 There are no appendices.

8. Background Papers

8.1 Report to Cabinet 14 March 2012 on payment service contract.

8.2 All background papers to this report are held in the Finance Department.