

Cabinet Meeting		Agenda Item: 9
Meeting Date	5 October 2016	
Report Title	Award of Merchant Services 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	Philip Wilson, Chief Accountant	
Key Decision	Yes	
Classification	Open	
Forward Plan	Reference Number: 5	

Recommendations	<ol style="list-style-type: none"> 1. That in principle the Cabinet decides to place its merchant services requirements with Worldpay. 2. That the period of the contract should run for 3 years from 16 January 2017 and with the additional option to extend for a further 2 years. 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 Worldpay and to determine whether the contract should be extended by a further 2 years after the conclusion of the basic 3 year term.
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1. Purpose of Report and Executive Summary

- 1.1 This report advises Cabinet with the results of the merchant services tender evaluations and requests authority to award the contract to the preferred supplier.

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.
- 2.2 The cost of merchant services were reviewed together with banking services in 2010 which identified that the cost of merchant services was in line with the market, but that the cost of banking services was not, and therefore the latter service only should go out to tender. This was set out in the report to the Executive on 9 June 2010 and members agreed to go out to tender for banking services only.
- 2.3 Since then, the costs for merchant services had not changed significantly until recently. In 2014/15 the cost of core merchant services was £45,700, but in 2015/16

it was £76,200. This was largely due to the charges for one debit card provider moving from a pence per transaction fee to one that was mainly percentage based.

- 2.4 The Council obtained the services of a consultant to review the current service and to assist in the tendering and assessment process.
- 2.5 In 2015/16, the Council received £11m income via credit/ debit cards (of which £9m was for council tax) and it is vital that this service is efficient, accurate and reliable.
- 2.6 The value of the contract required compliance with the Public Contract Regulations 2015 and therefore a notice inviting expressions of interest was placed in the Official Journal of the European Union in July 2016.
- 2.7 The tender had requested quotes for four options – for a three or five year contract and each with an option of proceeds being credited to the Council’s bank account within 1 or 2 days of the date of transaction. After reviewing the submissions by all tenderers, it was decided to award the contract based on the option of a three year contract and transaction + 1 day. This approach was intended to achieve competitive pricing, maintain financial stability and consistency in quality provision, and provide the opportunity to review the contract at the end of basic contract term.
- 2.8 The option of extending at the end of three years in 2020 will depend on an assessment of the performance of the contract. It is recommended that this decision is delegated to the Head of Finance and the Cabinet Member for Finance and Performance.
- 2.9 The tender was conducted as an open tender and advertised through the Kent Business Portal, Contracts Finder, Swale Council website and the Official Journal of the European Union. The tender was issued to all those organisations who had expressed an interest. Three tenders were received, all of which were compliant. The tenders were evaluated by the project team based upon 70% price and 30% quality.
- 2.10 All tenderers submitted high quality responses which were evaluated by officers in the Finance Department with support from the Council’s Procurement Team and the contractor. The scoring was very close.
- 2.11 The tender price and quality scores are summarised in the table below:

Organisation	Price Score	Quality Score	Total Score
Worldpay	65	24	89
Company B	70	19	89
Company C	56	26	82

2.12 As can be seen there was a tie in two of the total scores. The difference in annual price is £2,900 between the two highest scoring tenderers. Worldpay has scored higher on the grounds of quality and as the existing provider, the implementation costs, particularly from internal IT charges, will be far lower. The 2015/16 core merchant services cost was £76,200 and the anticipated reduction in this cost is estimated to be with Worldpay in the region of £30,000 per annum. Both of the top scoring companies are good and provide an economically advantageous offer but Worldpay is the “best fit” to satisfy the particular needs and requirements of the Council.

2.13 The panel therefore recommend that Cabinet decide to place its merchant services requirements with Worldpay.

3. Proposal

3.1 To approve the recommendation that the Council places its merchant services requirements with Worldpay.

4. Alternative Options

4.1 The tendering process for this contract was an open process and fully compliant with the Council’s Contract Standing Orders, and therefore it is unlikely that another tendering process would result in a result different from the one presented in this report.

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 “council to be proud of” priority within the Corporate Plan.
Financial, Resource and Property	The 2015/16 core merchant services cost was £76,200. The anticipated annual reduction in cost is estimated to be in the region of £30,000. The whole life value of the contract is £231,000.
Legal and Statutory	The retendering process has to meet the Public Contract Regulations 2015.
Crime and Disorder	None.
Sustainability	The quality scoring for this contract included a social value element and all tenderers provided positive responses to this.

Issue	Implications
Health and Wellbeing	None.
Risk Management and Health and Safety	There is a risk of challenge by any unsuccessful applicants to the tender, and a very high risk of challenge if the Council does not go ahead with this tender.
Equality and Diversity	The quality scoring for this contract included a social value element and all tenderers provided positive responses to this.

7. Appendices

7.1 There are no appendices.

8. Background Papers

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