

Part 1: Open to the public

Or

Part 2: Closed to the public

REPORT OF

The Strategic Director for Service Reform

TO

Procurement Board

ON

11 March 2020

TITLE: Approval to Award the Contract for Electronic Payment Services via PayPoint and Post Office Counters Ltd (POCL)

RECOMMENDATION:

That Procurement Board approves the award of the Contract for Electronic Payment Services via PayPoint and Post Office Counters Ltd (POCL) as detailed in the table below:

Detail required	Answers
Title/Description of Contracted Service/Supply/Project	Electronic Payment Services via PayPoint and Post Office Counters Ltd (POCL)
Name of Successful Contractor	Allpay Ltd
Supplier Registration Number <i>(to be supplied by Corporate Procurement)</i>	02933191
Type of organisation <i>(to be supplied by Corporate Procurement)</i>	Private Limited Company
Status of Organisation <i>(to be supplied by Corporate Procurement)</i>	Non-SME
Contract Value	££79,816.87 Per Annum (estimated average)
Contract Duration	48 months
Contract Start Date	01/04/2020
Contract End Date	31/03/2024
Optional Extension Period 1	months
Optional Extension Period 2	months
Who will approve each Extension Period?	Choose an item.
Contact Officer (Name & number)	Tony Thompstone
Lead Service Group	Finance & Corporate Business
How the contract was procured? <i>(to be supplied by procurement)</i>	Framework Call-off (Direct)
Framework Details (where applicable) (procurement body, framework reference & title, start/ end date)	Procurement for Housing Framework (PfH 2019) for the provision of Electronic Payments
Funding Source	Revenue Budget

EXECUTIVE SUMMARY:

The purpose of this report is to seek approval for the award of the above mentioned contract.

BACKGROUND DOCUMENTS:

None

KEY DECISION:

No – the total contract value is below £350k

DETAILS:

1. Background,

The current Allpay contract allows customers to pay council bills at the Post Office and at PayPoint outlets across the City. The decision was taken to offer this service to bill payers as an alternative method as the cash desks were being closed. This gave bill payers access to many more outlets across the City, including more flexibility around availability with many of them being open at evening and weekends.

In 2016 the Council entered into new contracts with Allpay for the provision of these services for a period of two years with the option to extend for a further 2 x 12 month periods. This contract and extensions ends in March 2020.

The Finance team has closely monitored the contract throughout its initial term and is satisfied with the service levels provided by Allpay are satisfactory and there have been no issues with the contract to date.

The council is changing its income management system from PARIS to Civica pay, the project is due to go live in April. The first stage is to replicate the current system, this includes an import routine in PARIS to analyse a daily file from Allpay and update SAP and Northgate with the payments received. As the change over from PARIS to Civica pay is scheduled for April 2020 a change of provider away from Allpay at the same time would add risk to the project because the import routine and analysis for the update of SAP and Northgate would need amending for the new provider at the same time as the system switch from PARIS to Civica pay was being implemented.

Additionally with the post office acquisition of Pay Zone, they are in the process of merging both services and Allpay are expecting to have full access to the Pay Zone network from 1st April this year.

2. The Procurement Process

a. Do nothing and remain with the existing providers

The risk to doing this would be that the Council is again extending the contract for a further year without undertaking a compliant procurement process. Costs could increase and the Council would be at risk of increased transactions rates.

b. Conduct a tender exercise from scratch

As there is more than one framework available for this type of service, it was not considered necessary to conduct a full tender exercise from scratch. Contractual standing orders stipulate that where there is an existing framework this should be used unless there is an auditable reason not to.

c. Direct call-off from an existing framework

After reviewing the different methods of procurement it was identified that the Procurement for Housing Framework reflected a recent procurement exercise which was awarded in 2019. Being part of framework agreement provides value for money in relation to larger transaction volumes and therefore reduced transactional costs.

Under the PFH 2019 pricing under the new contact is shown below.

	Volumes	PFH 2019 Pricing	
		Price	Cost
Paypoint	61,364	£ 0.46	£ 28,503.58
Post Office	109,410	£ 0.47	£ 51,313.29
Total	170,774		£ 79,816.87

This represents an increase of £85.37 over the costs of the current contract. Allpay will also write off an outstanding amount of £6,500 which was undercharged on the current agreement as the volume of transactions has not met the volume threshold for the prices charged.

3. Social Value

Allpay is committed to improving communities both locally and within its Members locations. One of the key challenges to delivering this to the marketplace is the services are not area specific and are offered on the same basis across the whole of the UK. The impact on development of communities is therefore limited in scope but by and large can be encapsulated by giving communities the greatest convenience to settle their bill payments.

By offering multiple payment opportunities and channels we increase social and economic wellbeing within communities; payers can pay more quickly, more flexibly, can set up regular payments or pay at a time to suit them.

Members are able to reconcile accounts more quickly and are able to streamline their processes and free up valuable resource that might have been used to handle cash or reconcile paper payments.

Allpay have been accredited by the Living Wage Foundation and recognised for supporting employees by paying the real Living Wage. Allpay were Herefordshire's first Living Wage employer.

KEY COUNCIL POLICIES:

Budget strategy

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS:

The addition of the Payzone as a payment option will increase the payment options available to customers.

ASSESSMENT OF RISK:

It is essential that the City Council continues to offer a range of electronic payment services as well as accepting payments via credit and debit cards, to receive income from bill payers. Removing these options would mean considerable risk of loss of income if the services were removed. As the income management system is changing from PARIS to Civica pay in April it is prudent to use Allpay for a further year whilst the switch from PARIS to Civica pay is completed.

SOURCE OF FUNDING:

Revenue budget

LEGAL IMPLICATIONS: Submitted by: Tony Hatton, Principal Solicitor, tel. 219 6323

When commissioning contracts for the provision of goods, services or the execution of works, the Council must comply with the provisions of the Public Contracts Regulations 2015 (the Regulations) which require that contracting authorities treat candidates equally and in a non-discriminatory way and act in a transparent manner. In addition, the Council is required to comply with the requirements of its own Contractual Standing Orders (CSO's), failing which the award of a contract may be subject to legal challenge. CSO's stipulate that where a suitable framework agreement exists, this must be used unless there is an auditable reason not to.

The Council can comply with the requirements of the Regulations by carrying out its own procurement exercise or relying upon another contracting authority's compliant procurement exercise. In that regard, contracting authorities may procure goods,

works or services through a 'central purchasing body' (and are deemed to have complied with the Regulations to the extent that the central purchasing body has). The definition of 'central purchasing body' includes an authority that concludes framework agreements for works, goods or services intended for one or more contracting authorities.

The purpose of a framework agreement is to select through a procurement/evaluation process a number of providers who can meet the service requirements of the Council, as and when those services are required. If they are required then the Council can call off the goods/services from one or more of the providers who have been selected to be on the Framework and this may be through any number of ways (usually by way of mini-competition as here) depending on the circumstances. A contract will then be formed between the Council and the chosen provider/s. The Council will need to have followed the procedure set out in the Framework Agreement to ensure the procurement process for direct award is compliant, and assuming that to be the case, the procurement procedures set out therefore appear robust and compliant with the requirements of CSO's and public procurement legislation.

The proposed award of the contract follows a direct award in accordance with the Procurement for Housing Framework (PfH) the Council to a contract for four year period. The PfH arrangement is a fully compliant framework from a legislative perspective available for the Council (and other local authorities) to use.

The Council's Constitution sets out in CSO's that as the value of the contract is under £150,000, the approval may be made by the Strategic Director.

FINANCIAL IMPLICATIONS: Submitted by: The Finance Team

Contact officer and telephone number: Tony Thompstone, Strategic Finance Manager
Tel No. 793-2016

Date provided: 05/11/2019

The source of funding is: The revenue budget

Expenditure Code: C0111

PROCUREMENT IMPLICATIONS: Submitted by: Emma Heyes, Category Manager
x 6243

Contractual Standing Orders states that where there is a suitable framework, this must be used unless there is an auditable reason not to do so.

The PfH framework is fully OJEU compliant, and was put in place for a period of four years, commencing 25th September 2019 until 24th September 2023. Call-Off contracts under the framework can be for a period of up to four years.

Direct award is permissible under the framework rules, therefore the procurement process followed is compliant.

OTHER DIRECTORATES CONSULTED: None

CONTACT OFFICER: Tony Thompstone TEL. NO.793 2016

WARD(S) TO WHICH REPORT RELATE(S): N/A
