

Contract for Income Management Service

Cabinet Member for Innovation & Corporate Services

Date: 26/08/2021
Agenda Item: N/A
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Key Decision? YES
Local Ward Members N/A

Lichfield
district council

**CABINET MEMBER
DECISION**

1. Executive Summary

- 1.1 We have an on-going requirement for income management services which we use for payments made over the internet, by telephone and through other channels such as the Post Office and directly to our bank accounts. The current agreement with Capita via Staffordshire County Council comes to an end on 7th September 2021. Following a procurement process undertaken by Staffordshire County Council a new agreement has been offered with Capita for 5 years.

2. Recommendations

- 2.1 That a contract is entered into with Staffordshire County Council for the delivery of the services by Capita for a period of 5 years.

3. Background

- 3.1 The Income Management Services covers payments via:
- Internet,
 - Automate telephone,
 - Staff taking payments,
 - Card payments at the Post Office, Payzone and PayPoint,
 - Specialist services such as the Planning Portal, European Licence Management System, Debt recovery companies and the Department of Work and Pensions,
 - Chip and Pin in the Frog Lane offices.
- 3.2 These payments are then automatically distributed to key financial systems such as the Council Tax and Benefits application and the core financial systems.
- 3.2 The proposed agreement with Capita via Staffordshire County Council will ensure that we are able to continue providing these services.
- 3.3 Based on the following assumptions the estimated annual spend will be £18,800:
- The suite of programs remains the same, however Capita do supply other parts of the income management suite such as mobile payments, point of sale tills and direct debits. These additional products may fall into scope as the outcomes of the digital strategy are delivered.
- 3.4 Following further procurement work, the card handling portion of the contract will be removed and awarded to a different provider due to potential savings.

Alternative Options	<ol style="list-style-type: none"> 1. Do nothing – this would mean a number of key services would no longer be able to process payments 2. Run a separate procurement activity – by carrying out a joint procurement activity Staffordshire County Council have aggregated the requirements for 4 councils and maximised the benefits the market can offer at this time.
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Consultation	Not applicable
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Financial Implications	<ol style="list-style-type: none"> 1. There is an approved budget of £19,000 in 2021/22 for this service with inflationary increases of 3% assumed in each year of the MTFs. 2. Annual costs have increased to £18,800 per year due to the number of councils in the partnership reducing from 6 to 4. 3. Remaining in the partnership remains the most economically advantageous approach as otherwise it would cost an additional £10,000 per year to have our own contract. 4. The projected budgetary impact of the new contract is projected to be: <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Actuals</th> <th colspan="5">MTFS</th> </tr> <tr> <th>18/19</th> <th>19/20</th> <th>20/21</th> <th>21/22</th> <th>22/23</th> <th>23/24</th> <th>24/25</th> <th>25/26</th> </tr> </thead> <tbody> <tr> <td>Approved Budget</td> <td>£19,690</td> <td>£20,280</td> <td>£17,660</td> <td>£19,000</td> <td>£19,570</td> <td>£20,157</td> <td>£20,762</td> <td>£21,385</td> </tr> <tr> <td>Actual / Projection</td> <td>£15,620</td> <td>£14,329</td> <td>£8,080</td> <td>£18,800</td> <td>£18,800</td> <td>£18,800</td> <td>£18,800</td> <td>£18,800</td> </tr> <tr> <td>Variance</td> <td>(£4,070)</td> <td>(£5,951)</td> <td>(£9,580)</td> <td>(£200)</td> <td>(£770)</td> <td>(£1,357)</td> <td>(£1,962)</td> <td>(£2,585)</td> </tr> </tbody> </table>		Actuals			MTFS					18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	Approved Budget	£19,690	£20,280	£17,660	£19,000	£19,570	£20,157	£20,762	£21,385	Actual / Projection	£15,620	£14,329	£8,080	£18,800	£18,800	£18,800	£18,800	£18,800	Variance	(£4,070)	(£5,951)	(£9,580)	(£200)	(£770)	(£1,357)	(£1,962)	(£2,585)
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Approved by Section 151 Officer	Yes																																												

Legal Implications	<ol style="list-style-type: none"> 1. Staffordshire County Council will enter into the main contract with Capita, we will enter into an agreement with Staffordshire County Council to share the service.
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Approved by Monitoring Officer	Yes
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Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> 1. The provision of Income Management Services contributes towards the strategic aim of “a council that is fit for the future” as well as ensuring we continue to support the numerous services that use the system.
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Equality, Diversity and Human Rights Implications	Not applicable
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Crime & Safety Issues	Not applicable
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Environmental Impact	Not applicable
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GDPR / Privacy Impact Assessment	Not applicable
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	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
A	No replacement contract is in place for the delivery of the service Kevin Sleeman	Red (severe)	Joint procurement with Staffordshire County Council to ensure a compliant procurement is undertaken making use of aggregated requirements to maximise offer from the market.	Green (tolerable)
B	That we lack sufficient capacity and expertise to manage the ongoing contract. Kevin Sleeman	Green (tolerable)	A supplier has been selected with sufficient capacity and expertise in local government to support us effectively. The supplier has a stable business model with a wide customer base and good resourcing.	Green (tolerable)
C	That we choose a system that limits our ability to move the organisation forward in line with our ambitions. Kevin Sleeman	Green (tolerable)	A supplier has been chosen that provides a system that meets our aspiration and has capacity to develop in the future.	Green (tolerable)
D	Partners withdraw from contract passing on increased costs. Kevin Sleeman	Green (tolerable)	Back to back agreement in place between each partner and the County council.	Green (tolerable)

Background documents

Cabinet – 7th of April 2015 – Letting a contract for an income management system.

Relevant web links

Capita Pay360 product suite - <https://www.pay360.com/>