

Contract for Income Management Card Handling 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



**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 we have identified an alternative card handling provision that will link with the new Staffordshire County Council / Capita service and deliver cashable savings to the Council.

2. Recommendations

- 2.1 That a contract is entered into with GlobalPay for the delivery of the card handling services for a period of 3 years with an option to extend for 1 year.

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 Following a review of our requirements by the Crown Commercial Services (CCS) Category Manager, using their framework agreement for card handling services, the proposed agreement with GlobalPay will ensure that we are able to continue providing these services and achieve a cashable saving.
- 3.3 Based on the following assumptions the estimated annual spend will be £41,000:
- This is modelled on the 91,500 transactions processed between 1st of June 2020 and 31st May 2021.
 - The estimated annual spend includes a maintenance charge payable to Capita of £3,000 per annum and a fixed fee of 10p per transaction.

Alternative Options

1. Do nothing – this would mean a number of key services would no longer be able to process payments
2. Keep all services under the Staffordshire County Council / Capita agreement – this will result in no cashable saving being made

Consultation

Not applicable

Financial Implications

1. The expenditure between 1st of April 2020 and 31st March 2021 was £50,842.
2. This procurement will deliver a potential saving of £15,000 per annum.
3. The projected budgetary impact of the new contract is as follows:

	Actuals			Approved MTFS				
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Processing charges				£52,190	£53,700	£55,140	£56,620	£58,140
New Procurement								
<u>Fixed Costs</u>								
Maintenance Charge				£3,000	£3,000	£3,000	£3,000	£3,000
<u>Variable Costs</u>								
Fixed Charge (10p Per Transaction)				£9,150	£9,150	£9,150	£9,150	£9,150
Interchange Fees				£28,860	£28,860	£28,860	£28,860	£28,860
<u>Joint Waste Element</u>								
Recharged to Tamworth BC				(£3,260)	(£3,260)	(£3,260)	(£3,260)	(£3,260)
Actual / Projected Cost	£43,943	£46,373	£50,842	£37,750	£37,750	£37,750	£37,750	£37,750
Annual Growth		5.53%	9.64%					
Variance to Budget				(£14,440)	(£15,950)	(£17,390)	(£18,870)	(£20,390)
What if:								
<u>Variable Costs are 10% Higher</u>								
Projected Cost				£41,255	£41,255	£41,255	£41,255	£41,255
Variance to Budget				(£10,935)	(£12,445)	(£13,885)	(£15,365)	(£16,885)
<u>Variable Costs are 20% Higher</u>								
Projected Cost				£44,750	£44,750	£44,750	£44,750	£44,750
Variance to Budget				(£7,440)	(£8,950)	(£10,390)	(£11,870)	(£13,390)

Approved by Section 151 Officer

Yes

Legal Implications

1. A contract will be entered into under the CCS Framework Agreement for the provision of card handling services.

Approved by Monitoring Officer

Yes

Contribution to the Delivery of the Strategic Plan	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)	Call-Off Contract put in place under the CCS Framework Agreement	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)

	Background documents Cabinet – 7 th of April 2015 – Letting a contract for an income management system.
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	Relevant web links Crown Commercial Services payment acceptance framework https://www.crowncommercial.gov.uk/agreements/RM6118
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