

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

2763

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Department:

Resources

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Subject:

Replacing agent for taking barcode payments at Post Offices and Pay Point outlets

Total Value:

£750000 (Type: Revenue)

Decision Being Taken:

- i) To procure Lloyds bank (using Allpay as their agent) via the ESPO framework agreement to provide a 3 year contract (with optional extensions) to take payments at Post Offices and PayPoint outlets
- ii) To delegate authority to the Strategic Director of Finance to agree the final terms of the agreement (subject to rates being no higher than set out in the appendix)
- iii) To delegate to the Strategic Director of Finance the authority to utilise any optional extensions to the contract, subject to satisfaction that to do so provides value for money
- iv) To delegate authority to the Strategic Director of Finance to move to a single collection agency (either Post Office or PayPoint) subject to a satisfactory business case

Reasons for the Decision(s)

In late 2016, our current agent (the Co-operative bank) informed us of their decision to withdraw from the commercial banking market and their intention to withdraw the service (initially set for April 2017, but negotiated until July 2017). This was a function that was retained from the previous banking services contract as at the time of the new banking contract all responding banks stated that they could not provide the barcode payment function.

This decision will allow a seamless transfer to a new agent, in an EU procurement compliant manner and enable customers to continue to pay all Council bar coded invoices at all outlets that they can currently. The change will also lead to a marginal reduction in the transactional fees associated in processing these payments.

The delegations to the Strategic Director of Finance allow for the operational administration of the contract. In particular it allows for business decisions to extend and/or adjust the contract to ensure it continues to meet the needs of the Council, its citizens and provides on-going value for money.

Other Options Considered:

- i) Do nothing - this will result in citizens no longer being able to pay invoices with bar codes at either Post Offices or PayPoint outlets - this was rejected as it limits customer choice and would increase the number of citizens seeking to pay via cheque, which is more expensive to process;
- ii) Tender for an alternative - a full tender would likely take too long to implement before the existing agent exited from the market; our market research shows there is limited competition in the market, so we are unlikely to secure better value for money while retaining access at both Post Offices and PayPoint
- iii) Limit payment of barcoded invoices to a single group (either Post Offices or PayPoint) - this could reduce the transaction cost to the City Council by roughly 20%, however figures for 2015/16 show a near even split of payments made between the organisations (43% to 57% for Post Office and PayPoint respectively). Whilst reducing the choice may reduce costs it is felt that this may result in an increase in payments by relatively more expensive alternative means (such as cheque and cash) and may also result in increase in non-payment and debt recovery action. It is therefore proposed to maintain both payment routes initially, but to investigate more fully the cost benefit analysis of moving to a single route. The flexibility to negotiate this during the life of the contract is another reason for the delegations given in the decision.

Background Papers:

Published Works:

Affected Wards:

Citywide

Colleague / Councillor Interests:

None

Any Information Exempt from publication:

Yes

Exempt Information:

Description of what is exempt:

The appendix setting out the financial option appraisal is exempt due to the commercial nature of quotes provided by potential providers.

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because of

the commercial sensitivity of quotes provided by potential providers & the request that these are not publically disclosed.

Documents exempt from publication:

Exempt Appendix A for DDM 170125.docx

Consultations:

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

NA

Equality:

EIA not required. Reasons: NO EIA as replacing like for like - existing service will continue as is with only service agent changing

Social Value Considerations:

There are no social value considerations in this decision as we are continuing to provide the same level of service via a different provider, so there should be no difference to any end user.

Decision Type:

Portfolio Holder

Subject to Call In: Yes

Call In Expiry date: 10/03/2017

Advice Sought: Legal, Finance, Procurement

Legal Advice: The proposals in this report raise no legal issues and are supported.

The barcode service is a function of the old banking contract but the existing provider has reviewed their business and have given notice of their intention to withdraw from the commercial market and ceasing to provide this service in the future.

Without the provision of the barcode service, the methods of payment available to citizens would be limited, risking reduced payment compliance and increased processing costs to the Council.

The proposal to use an ESPO framework to call off from Lloyds Bank Plc using Allpay as their agent for this service, will ensure an EU compliant procurement process is followed without the need for further competition and compliance with the Council's financial regulations. Continued review of the requirements under the Contract will allow the Council to ensure value for money whilst retaining efficiencies and choice for its citizens.

Legal services will assist as necessary with any contract documentation required. Advice provided by Dionne Claire Screatton (Solicitor) on 21/02/2017.

Finance Advice: The proposed approach will be fully funded from an existing corporate budget for banking costs and lead to a marginal (circa £8k per annum) saving based upon 2015/16 transaction levels. It is felt that continuing to provide the opportunity for people to pay at their choice of PayPoint and Post Office helps promote a relatively low cost transaction method of paying the Council (compared to cash or cheque) and will support debt recovery.

The recommendations are therefore supported.
Advice provided by Paul Clarke (Finance Team Leader (Systems)) on 26/01/2017.

Procurement Advice: The decision in question is to procure bill payment services via ESPO banking framework 384 (lot 3). There is only one provider awarded to this lot and therefore no further competition needs to be undertaken. Finance engaged Procurement at an early stage to request advice and therefore there are no procurement concerns with this approach as it complies with our own financial regulations and the EU regulations. Advice provided by Rosalie Parkin (Category Manager) on 20/02/2017.

Signatures

Graham Chapman (PH for Resources and Neighbourhood Regeneration)

SIGNED and Dated: 02/03/2017

Candida Brudenell (Corporate Director for Strategy and Resources)

SIGNED and Dated: 02/03/2017