

MUNICIPAL YEAR 2015/2016 - REPORT NO. 226

MEETING TITLE AND DATE

Cabinet – 27 April 2016

REPORT OF:

Director of Finance Resources &
Customer Services

Contact officer and telephone number:
E mail: Liam Preston, 020 8379 5760
liam.preston@enfield.gov.uk

Agenda - Part: 1

Item: 9

Subject: Merchant Acquiring Services
Tender

Wards: All

Key Decision No: KD4253

Cabinet Member consulted –

Cllr Stafford

1. EXECUTIVE SUMMARY

- 1.1 Enfield Council (the “Council”) issued a tender for merchant acquiring services on 05/10/2015.
- 1.2 The Council received bids from three providers.
- 1.3 The contract will run for five (5) years with the option of two one (1) year extensions subject to the agreement of both parties and the satisfactory performance of the successful provider.
- 1.4 The evaluation panel recommends the appointment of Provider Z as the Council’s provider of merchant acquiring services.

2. RECOMMENDATIONS

- 2.1 It is recommended that Cabinet:
 - Notes that the contract will run for five (5) years with the option of two one (1) year extensions subject to the agreement of both parties and the satisfactory performance of the successful provider.
 - Approves the appointment of Provider Z as the Council’s provider of merchant acquiring services.

3. BACKGROUND

- 3.1 Enfield Council issued a tender for its merchant acquiring services contract on 05/10/2015.
- 3.2 The current merchant acquiring services contract will end on 01/10/2016. Strategic Procurement Board approved the tender on 28/09/2015.
- 3.3 A merchant acquirer is the acquiring 'bank' in the Council's card payment chain. They receive the payment data files produced by a card transaction from the Payment Services Provider, taking the money from the cardholder's account and crediting the Council's bank account with the funds collected.
- 3.4 The tender was conducted using the open procedure, with a contract notice being published in the Official Journal of the European Union (OJEU), as well as the London Tenders Portal on the 5th October 2015.
- 3.5 The competitive tendering process secured 10 initial expressions of interest. Prior to the return deadline, the Council received 3 compliant submissions.
- 3.6 The contract will run for five (5) years with the option of two one (1) year extensions subject to the agreement of both parties and the satisfactory performance of the successful provider.
- 3.7 The tenders were evaluated by an evaluation panel consisting of three members with support from Corporate Procurement and a Project Manager.
- 3.8 The providers' submissions were evaluated on the basis of a Quality Questionnaire and a pricing schedule. Quality was allocated a weighting of 20% and Price was allocated 80%.
- 3.13 The evaluation panel recommends the appointment of Provider Z as the Council's provider of merchant acquiring services.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The service is subject to EU procurement regulations. Therefore, the Council was required to undertake an OJEU procurement exercise to award the new contract.
- 4.2 There are no suitable OJEU compliant framework agreements available for use by the Council.

5. REASONS FOR RECOMMENDATIONS

- 5.1 Provider Z received the highest score of all three providers.

5.2 For further information, please see part 2 report.

6. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

6.1 Financial Implications

6.1.1 Please see part 2 report.

6.2 Legal Implications

6.2.1 The Council has power under section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of its functions.

6.2.2 Section 1 of the Localism Act 2011 further empowers the Council to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles.

6.2.3 For further information, please see part 2 report.

6.3 Property Implications

6.3.1 None.

6.4 Procurement Implications

6.4.1 Procurement activity has been carried out in line with Contract Procurement Rules.

6.4.2 OJEU regulations followed.

7. KEY RISKS

7.1 As the Council moves towards a cashless or minimal cash model, it is likely that the costs of the merchant acquiring contract will increase beyond the levels used in this tender process due to the increasing volume of credit and debit card payments made by residents. This risk is partially mitigated by the fact that as card transaction volumes increase cash payments should fall. Treasury Management will need to monitor the cost of the merchant acquiring contract.

7.2 If the Council fails to appoint a new provider of merchant acquiring services the tender will need to be re-run, which is likely to lead to fewer providers submitting tenders and higher prices. It would also reduce the transition period if, as a result of a re-run, the Council was to appoint a provider other than Provider Z. This risk can be mitigated by following the recommendations outlined in this report.

7.3 For further information please see part 2 report.

8. IMPACT ON COUNCIL PRIORITIES

8.1 Fairness for All

8.1.1 Procuring high quality merchant acquiring services will promote fairness for all Enfield's residents by enabling the Council to continue improving the efficiency and usability of the services it provides as it moves towards a modern, digital operating model. The renewal of the merchant acquiring services contract will encourage fairness for all by ensuring that residents are able to pay for Council services by card.

8.2 Growth and Sustainability

8.2.1 Reducing the cost of the merchant acquiring contract (based on current transaction volumes) will enable the Council to deploy resources elsewhere. It also increases productivity by enabling residents to conduct Council transactions remotely via credit or debit card through the Council's website. The merchant acquiring contract supports sustainability by cutting down the use of currency and paper, as well as reducing the need to travel to the Civic Centre to make payments to Council in person.

8.3 Strong Communities

8.3.1 The ability to take card payments enables residents to interact with the Council efficiently. Procuring high quality merchant acquiring services will support the Council's efforts to improve and modernise allowing it to continue working towards building strong communities in Enfield despite the current financial pressures.

9. EQUALITIES IMPACT IMPLICATIONS

9.1 Corporate advice indicates that an equalities impact assessment is neither relevant nor proportionate for the approval of this report.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

10.1 Key performance indicators (KPIs) will be agreed between Treasury Management and Provider Z and reviewed on an annual basis. Provider Z will provide quarterly reports which will enable Treasury Management to monitor performance.

11. HEALTH AND SAFETY IMPLICATIONS

11.1 None.

12. HUMAN RESOURCES IMPLICATIONS

12.1 None.

13. PUBLIC HEALTH IMPLICATIONS

13.1 Procuring merchant acquiring services will allow Enfield's residents to continue paying for services by card. The ability to pay remotely reduces the number of instances in which residents need to make payments in person and therefore the number of journeys associated with making a payment to the Council. This could potentially reduce pollution, resident expenditure and resident inconvenience. Since this tender is to replace existing online payment services only and will not remove alternative methods of payment for those who are not able to make online payments, this should have no adverse impact on vulnerable people or certain communities. However, it should be noted that on-line administration and payment, by reducing the requirement to attend a payment facility in person, could also reduce the opportunity to engage in physical activity and social interaction.

Background Papers

- None.