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For General Release

REPORT TO:	Cabinet Member for Finance and Resources
SUBJECT:	Income Management, Cash Receipting and Electronic Payment Processing System
LEAD OFFICER:	Jacqueline Harris Baker, Executive Director Sue Moorman, Director of Human Resources
CABINET MEMBER:	Cllr Simon Hall, Cabinet Member for Finance and Resources
WARDS:	All

CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON

Include here a brief statement on how the recommendations address one or more of the Council's Corporate Plan priorities: [Corporate Plan 2018-20](#)

The provision of Income Management, Cash Receipting and Electronic Payment Processing services acts as an enabler to the delivery of the Corporate Plan by both ensuring the efficient processing of income received by the Council and enabling residents to pay by credit and debit card for a wide range of services through a number of different channels.

FINANCIAL IMPACT

There will be a cost to the Council for the provision of this service over the contract period of three years. The detailed impact is defined in Part B.

These costs are within the departmental budgets.

FORWARD PLAN KEY DECISION REFERENCE NO.: 1119FR

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet Member for Finance and Resources the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

- 1.1 The Cabinet Member for Finance and Resources, in consultation with the Leader, is recommended by the Contracts and Commissioning Board to:
- 1.2 Approve the award of a contract for the provision of Income Management, Cash Receipting and Electronic Payment Processing services to the supplier named

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and for the contract sum stated in the Part B report for a contract term of 3 years;
and

- 1.1 Note that following the recommendation of the Contracts and Commissioning Board the Director of Commissioning and Procurement has approved the grant of a waiver of Regulation 17 of the Tenders and Contracts Regulations in terms of the requirement to have submitted a procurement strategy report.

2. EXECUTIVE SUMMARY

- 2.1 The Council uses an income management system for cash collection and income distribution and card payment processing to facilitate payments into the organisation.
- 2.2 The existing contract expires on 31 March 2019 but has been extended to 30 April by the incumbent supplier to allow for finalisation of a new contract.
- 2.3 This report recommends that a new contract is let to the supplier noted in Part B for a period of three years following a procurement exercise utilising the KCS managed services framework run by Commercial Services Limited, a wholly owned business of Kent County Council.
- 2.4 The contents of this report has been endorsed by the Contracts and Commissioning Board. Pursuant to Cabinet recommendation [25/3/2019] the Leader has delegated the decision to approve the award of the contract to the Cabinet Member for Finance & Resources in consultation with the Leader

CCB ref. number	CCB Approval Date
CCB1477/18-19	18/04/2019

3. Background

- 3.1 The Council currently operates Income Management, Cash Receipting and Electronic Payment (e-payment) processing systems as part of arrangements to receive and manage payments into the organisation.
- 3.2 The Council currently uses an income management system for cash collection and income distribution, e-payments and card payment processing. The Council relies on the system as a mechanism for processing payments made to the Council. The arrangement provides the platform to ensure payments totalling an average of £500m per annum can be processed accurately and efficiently.
- 3.3 The system needs to interface with a number of critical business systems across the organisation to ensure income is correctly managed.
- 3.4 The Council also utilises a hosted solution for credit and debit card payments. This includes telephone payments, automated telephone payments, face to

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face payments and on-line payments. Through this system the Council processes over 399,500 card payment transactions per year, with a value of approximately £59m.

- 3.5 Payments are verified immediately with the banks to ensure that the card is valid and sufficient funds are available. Acting as a merchant (card payment transaction processors) the Council must comply with the Payment card industry data security standards (PCI DSS). The hosted solution is PCI DSS accredited, which passes on much of the responsibility for compliance to the supplier and reduces the Council's potential exposure.
- 3.6 Retailers or merchants who accept debit or credit cards pay a merchant service charge to their merchant service provider which is passed on to the Council by the provider.
- 3.7 The contract will be managed by the payments team and contains a performance mechanism to monitor supplier performance via regular service review meetings.

Process

- 3.8 The KCS framework agreement for managed services was reviewed by the service for suitability and by the Council's Legal team for acceptability. The Council is able to access to the framework and has completed an access form.
- 3.9 There are three suppliers on the managed services framework. After review of the services provided by each only one supplier was capable of meeting the Council's requirements following which discussions were held to obtain quotation and terms. This is compliant with the framework rules which allow for a direct award which are:

Ability to meet the need as determined by the participating authority and/or authorised participant by means of selecting the most appropriate supplier based on one of the following criteria (not in any particular order):

 - Ability to supply the required quantity
 - Total value of order below £1,000
 - Product or service required is unique/exclusive to one supplier
 - Continuity of existing services or goods
 - Current architecture
- 3.10 Whilst the framework terms apply, the service specific terms and conditions, and price, were agreed between the parties subject to due governance. The new contract is due to commence on 1 May 2019 and run for a period of three years.
- 3.11 It is recommended that the supplier in Part B is awarded the contract for the Income Management, Cash Receipting and Electronic Payment processing system incorporating merchant payment processing.

4. CONSULTATION

4.1 Internal consultation has taken place with senior officers from relevant services, ICT, procurement and Leadership. External consultation has taken place with the market and merchant acquirers.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 Please see Part B report.

5.2 1 Revenue and Capital consequences of report recommendations

See Part B of this report.

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000
Revenue available				
Expenditure				
Income				
Effect of decision from report				
Expenditure				
Income				
Remaining budget	_____	_____	_____	_____
Capital available				
Expenditure				
Effect of decision from report				
Expenditure				
Remaining budget	_____	_____	_____	_____

2 The effect of the decision

2.1 The contract award commits the Council to contract expenditure as detailed in Part B

3 Risks

Issue and Risk Profile to be managed	Likelihood	Impact	Rating	Mitigation
Risks to service	3	3	9	Lack of payment and income processing will cause

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delivery from non-availability				significant damage to the Council as it will be unable to take payments which will impact on residents and on the services provided. This new contract will ensure a continuity of service.
Risk of challenge from other suppliers				Use of EU compliant framework negates the risk.

4 Options

4.1 Please see Part B of the report.

5 Future savings/efficiencies

5.1 Please see Part B of the report.

6 Approved by: Ian Geary, Head of Finance, Resources & Accountancy

6. LEGAL CONSIDERATIONS

6.1 The Director of Law & Governance comments that the legal considerations are as set out within this report.

6.2 Approved by: Sean Murphy, Director of Law and Governance and Deputy Monitoring Officer.

7. HUMAN RESOURCES IMPACT

7.1 There are no immediate workforce implications that arise from the report for the workforce at LBC.

7.2 Approved by: Sue Moorman Director of Human Resources

8. EQUALITIES IMPACT

8.1 An Initial Equality Analysis was undertaken to assess the likely adverse impact the contract award would have on protected groups compared to non-protected groups. The analysis concluded that a full equality analysis was not required because the procurement of the Income Management, Cash Receipting and Electronic Payment processing systems would not have any adverse impact on protected groups compared to non-protected groups.

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8.2 Approved by: Yvonne Okiyo, Equalities Manager

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts arising from this award.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no Crime and Disorder impacts arising from this award.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 The software and services described in this report are key to Croydon's cash collection and management performance. The procurement of continued service via the KCS Managed Service framework enables service to continue without interruption leading into the busiest time of the year for payments.

11.2 The procurement has allowed for some savings to be made as noted in Part B of this report.

12. OPTIONS CONSIDERED AND REJECTED

12.1 Please see Part B of the report.

CONTACT OFFICER: Vicki Richardson, Head of HR and Finance Service centre

BACKGROUND PAPERS: None