

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Councillor Rowan Ree, Cabinet Member for Finance and Reform

Date: 02/08/2023

Subject: Payment Services (Merchant Acquiring Services)

Report of: Cabinet Member for Finance and Reform

Report author: Christopher Harris, Head of Finance – Corporate Accountancy,
Finance Systems and Tax

Responsible Director: Sukvinder Kalsi, Director of Finance

SUMMARY

To award the contract of Payment Services (Merchant Acquiring Services) to Barclaycard using the Crown Commercial Services framework RM6118 Lot 1. Contract term will be 3 years +1, contract costing for this period will be £1.4m.

The procurement strategy for this procurement was approved in September 2022 and a mini competition was held under the framework to invite suppliers to bid for the contract.

RECOMMENDATIONS

1. To note that appendices 1 to 3 are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)
 2. It is recommended to award the contract for Payment Services (Merchant Acquiring Services) to Barclaycard under the Crown Commercial Services framework RM6118 Lot 1, as winners of the mini competition.
 3. To note that the contract will run for 3+1 years, annual costing for the contract will be circa £346,000 (based on forecast volumes), costing £1.4m for the duration.
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Wards Affected: All wards

Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	Merchant Services enables the efficient collection of Council Income

Financial Impact

Merchant services are a key pillar of the Council's income collection, with approximately £90m collected via credit and debit cards per annum.

The cost of the 3+1 years contract will be circa £346,000 per annum (based on forecast volumes), and total £1.4m for the duration.

The costs are fully rechargeable to the relevant income generating services based on usage, and this is where the budgets are held.

Alex Pygram, Head of Finance, Corporate Finance, 22nd June 2023
Verified by Sukvinder Kalsi, Director of Finance, 7th July 2023

Legal Implications

The value of the services is above EU thresholds, so the Public Contracts Regulations 2015 apply.

It would also be classified as a high value contract under the Contract Standing Orders (CSOs).

Procuring the services by running a mini competition within the Crown Framework RM6118 Lot 1 would be in compliance with the Public Contracts Regulations 2015 and the CSOs.

This contract award needs to be approved by the relevant Cabinet Member.

Joginder Bola, Senior Solicitor, 10/07/2023

Background Papers Used in Preparing This Report

Payment Services – Procurement Strategy (approved and published September 2022)

DETAILED ANALYSIS

Background, Options and Summary

1. Merchant Acquiring services are the means by which credit and debit card and electronic payments are processed. It is a critical part of the income collection process. Given the nature of the business, there are only a limited number of operators serving the Local Authority market.
2. In September 2022 a procurement strategy for the supply of Merchant Acquiring services was approved. This recommended that the Council runs a mini competition within the Crown Framework RM6118 Lot 1. The contract would be for 3 years with the option to extend for a further year.
3. The strategy identified that the new contract will need to:
 - Provide stability to the processing of secure card transactions across the council's various income payment channels.

- Ensure customers continue to have the ability to have choice in how they make payments to the council.
 - Provide customers with assurances that their card data is processed securely through our payment channels in line with GDPR and PCI (Payment Card Industry) rules and regulations.
 - Complement the Council's ambition to offer more self-service options to customers online.
4. The Council's aim is to ensure a robust, efficient, and secure payment method that allows service to collect income in advance.
 5. Following the conclusion of the mini competition it is recommended that the contract for Payment Services (Merchant Acquiring Services) be awarded to Barclaycard for a period of three years with an option to extend for a further year. Further detail on the mini competition is included in exempt appendices 1 to 3.
 6. This is a large-scale financial service with only a limited number of operators serving the Local Authority market. The proposed framework is silent on social value and therefore is exempt under the Council's standing orders.
 7. It was a requirement of the mini-competition that tenderers be able to support the Council in providing a service to all customers of the borough including those who may be economically isolated.

Reasons for Decision

8. The reason for this decision is to award the contract for Payment Services (Merchant Acquiring Services) in accordance with the Procurement Strategy approved in September 2022. Under the Council's standing orders, the relevant Cabinet Member is required to approve the award of this contract.

Equality Implications

9. Card payment options will be accessible, whilst self service will be encouraged, we will provide assistance when required to support our customers. The various options available to customers allows for many characteristics to be supported and as such should enable inclusion.

Risk Management Implications

10. The report recommends awarding a contract for merchant acquiring services following the completion of a mini competition under a competitively procured framework. Given the specialist nature of this service, this approach is in line with the Council objective of being ruthlessly financially efficient.
11. The Council is reliant on the income collected through card payments on a variety of channels, which offer residents a range of accessible methods to make payments to the Council. Appointing a suitably experienced and

accredited provider through the framework will ensure that resident data is processed securely in line with GDPR and Payment Card Industry requirements.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 6 June 2023

Climate and Ecological Emergency Implications

12. This contract is being awarded under the Crown Commercial Services (CCS) framework RM6118. As part of inclusion on this framework, suppliers are expected to adhere to the HM Government Supplier Code of Conduct. This code specifically covers sustainable procurement and requires suppliers to support the UK's net-zero targets as well as setting out an expectation for suppliers to assist the public sector in the understanding and reduction of supply chain impacts on our environment, and risks related to the security of raw material supply. Under the Code suppliers are expected to be open and transparent in assisting the public sector in reporting publicly on product or service utilisation and any environmental impacts.

Verified by Jim Cunningham, Climate Policy & Strategy Lead, 12th July 2023

Procurement implications

13. The results of the evaluation process have been verified against the e-tendering system on 05/06/2023 by David von Ackerman Head of Procurement and Commercial

Local Economy and Social Value Implications

14. The framework being used is run by Crown Commercial Services. This report confirms that the framework for this procurement does not include provisions for Social Value. As such Social Value has not been sought for this contract award.

Oliur Rahman, Head of Employment and Skills, 11/07/23

ICT (required for any changes to IT systems)

15. There are no changes to IT environment as a consequence of this award.

LIST OF APPENDICES

Exempt Appendix 1

Exempt Appendix 2

Exempt Appendix 3