

## Item 6

27th February 2020



**Glasgow City Council**

**Contracts and Property Committee**

**Report by Director of Governance and Solicitor to the Council**

**Contact: Elaine Galletly Ext: 74653**

### **The Provision of Merchant Acquirer, Equipment and Payment Gateway Services: - GCC004871CPU**

#### **Purpose of Report:**

To submit details of the Direct Award for the provision of Merchant Acquirer, Equipment and Payment Gateway Services and recommend acceptance of the most economically advantageous tender as detailed in this report.

#### **Recommendations:**

The Contracts and Property Committee is requested to approve the award of a contract for the provision of Merchant Acquirer, Equipment and Payment Gateway Services to the supplier listed below.

Worldpay Limited

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes  No  consulted: Yes  No

## **1 Background and Tender**

- 1.1 The total of Glasgow City Council's and Glasgow Life's annual budget for this project is approximately £480,000.
- 1.2 The Council has an ongoing requirement for Merchant Acquirer and Payment Gateway services (also known as MAS) to allow the Council to accept payments by debit and credit cards.
- 1.3 Merchant Acquiring Services are an integral part of the debit and credit card payment transaction process. The services are required to enable merchants and retailers (in this case the Council) to accept card payments, with the acquirer acting as the link between the Council, the card association (e.g. Visa or Mastercard) and the issuing bank for the customer's payment card. The acquirer collects the card based payments from the issuing bank and credits the Council's nominated bank account with the customer's payment.
- 1.4 The services enable the processing, authorisation and settlement of customer payments by debit and credit card where these have been made to the Council in person, by telephone or online.
- 1.5 The Merchant Acquirer is responsible for transferring payment for income streams including Council Tax, Non Domestic Rates and other sundry debt income. The Council requires this service to be provided without interruption as the supplier underpins the collection of income.
- 1.6 The delivery of this project is closely linked to two Council projects, details of which are as follows:
  - 1.6.1 Project OBS05 to deliver a new Income Management System (IMS) which is inter-related to and will not function without MAS to support the secure transfer of payments and refunds between the Council and the card-issuer.
  - 1.6.2 Pay3Sixty Parking requires to be supported by an agreed list of MAS providers as stipulated by the system supplier "Imperial". If the Council chooses a MAS provider which is incompatible with Imperial's system, this would require a commitment from Imperial to develop integration with a new provider and lead to additional costs for the Council.
- 1.7 Due to the interdependencies of the two projects set out in paragraphs 1.6.1 and 1.6.2, the decision was taken to implement a short term MAS contract to allow a more strategic, technically compatible service provision which will align with the new Income Management Pay360 and Pay3Sixty Parking system.
- 1.8 The contract has also been expanded to include Glasgow Life's transactional volumes within the scope of service provision.

- 1.9 A commodity team consisting of stakeholders from Financial Services, Glasgow Life, Legal Services and the CPU was formed to develop the sourcing strategy and deliver a new contract.
- 1.10 It was agreed that that a direct award, under Lot 3-Merchant Acquiring Equipment and Payment Gateway, of the Crown Commercial Services ("CCS") Framework Agreement, reference RM3702, was the most appropriate route to deliver this contract.
- 1.11 The duration of the contract is one year with an option to extend for up to a further 12 months. The contract start date is the 3<sup>rd</sup> April 2020.
- 1.12 The Council and its ALEO's will utilise the contract, along with Strathclyde Pension Fund Office (SPFO). The Council was the designated administering authority for the Strathclyde Pension Fund as part of the 1996 Local Government re-organisation in Scotland. The legal framework for the Fund is contained in the Local Government Pension Scheme (Scotland) Regulations.

## **2. Criteria for benchmarking**

- 2.1 The award of contract has been aligned to the following 4 direct award conditions as stipulated by the rules of the CCS Framework:
  1. The Council can demonstrate that only one of the appointed suppliers on the CCS Framework can meet the service requirements, or:
  2. The supplier provides the most economically advantageous tender in respect of the service requirements; and
  3. That the contract terms meets the Council's requirements.
  4. We are content with the pricing model used in the Framework.
- 2.2 Having reviewed the guidance in respect of the above criteria, conditions 1, 3 and 4 have been satisfied as:
  - Worldpay Limited is the only supplier on the Framework that is compatible with the requirements of the Imperial system. Removal of parking payment processing from the scope of services would result in inefficiencies as the parking payment processing could be subject to different contractual arrangements, doubling the contract management process and increasing risk which would not represent best value;
  - No modifications are proposed to the contract terms; and
  - A benchmarking exercise was carried out which compared the current services rates against the rates of the appointed Framework suppliers, including the cost of change. This exercise identified Worldpay Limited as the supplier which would provide best commercial value for the Council.
- 2.3 The current service provision was procured via the same CCS Framework. The direct award is to the incumbent supplier, therefore the pricing structure will remain the same as the current prices.

2.4 The contract prices will be held over the 2 year contract and represents an estimated award value of £480,000 per annum, £960,000 should the one year extension be implemented.

2.5 Each service area will monitor the supplier's day to day operational performance. Overall contract and supplier performance will be managed by the Corporate Procurement Unit.

### 3 Policy and Resource Implications

#### **Resource Implications:**

*Financial:* The contract will be covered under the Council and ALEO's revenue budget.

No additional savings or costs at this time.

*Legal:* The report raises no new legal issues.

The Director of Governance and Solicitor to the council will be required to conclude the contract.

*Personnel:* There is no direct personnel implications for this project.

*Procurement:* Direct Award under Crown Commercial Services framework RM3702- Lot 3 Merchant Acquiring, Equipment and Payment Gateway Services as detailed in 1.9.

#### **Council Strategic Plan:**

This procurement supports the Council's Strategic Plan (2017-2022) under the following theme:

A Well Governed City that Listens and Responds.

The Council must contract with a merchant acquirer to ensure modern payment methods are available for citizens and are 'fit for the 21st century'.

#### **Equality and Socio-Economic Impacts:**

*Does the proposal support the Council's Equality Outcomes 2017-22:*

An EQIA was undertaken which highlighted there is no current impact or changes required to the existing service provision. However, this will be monitored and amended if required.

*What are the potential equality impacts as a result of this report?*

The EQIA can be located here:

<https://www.glasgow.gov.uk/CHttpHandler.ashx?id=48360&p=0>

*Please highlight if the policy/proposal will help address socio economic disadvantage:*

N/A

### **Sustainability Impacts:**

*Environmental:* Over the duration of the contract market analysis shows a potential rise of e-payments on cashless transactions via credit and debit cards, therefore reducing cheque or cash payments, and reducing paper receipts.

*Social, including Article 20 opportunities:* This was not included in the Framework but the incumbent supplier Worldpay Limited pays the Real Living Wage and does not operate under zero hour contracts.

*Economic:* Community Benefits – No contractual community benefits were included in the CCS Framework.

The Council will encourage Voluntary Community Benefits during the duration of the contract.

### **Privacy and Data Protection impacts:**

No data protection impacts identified as this is being awarded to the incumbent supplier.

## **4 Recommendations**

The Contracts and Property Committee is requested to approve the award of a contract for the Provision of Merchant Acquirer, Equipment and Payment Gateway Services to the supplier listed below.

Worldpay Limited