



Glasgow City Council
Contracts and Property Committee

Item 14

17th March 2022

Report by Director of Legal and Administration

Contact: Maureen Fitzpatrick Ext: 76406

The Provision of Payment Acceptance Services

Tender Reference :- GCC005343CPU

Purpose of Report:

To submit details of the direct award of contract for the provision of payment acceptance 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 direct award of a contract for the provision of payment acceptance services to the supplier listed below.

Worldpay Limited
(Companies House Number 03424752)

Ward No(s): Xxxxxxxx

Citywide: ✓

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

1 Background and Tender

- 1.1 Glasgow City Council's ("the Council's") average annual expenditure on payment acceptance services is £283,000. This increases to £334,000 with the addition of Glasgow Life's service requirements which amount to £51,000.
- 1.2 The Council has an ongoing requirement for payment acceptance services. These enable acceptance of payment by debit and credit cards, providing the necessary link between the Council (the merchant), card issuing companies (Visa and Mastercard) and the payment cardholder's bank. The services also include the provision and maintenance of chip and PIN devices and for some Council web payment services such as provision of a 'front end' gateway for the customer.
- 1.3 The above supports the processing, authorisation and settlement of customer card payments made in person, online or over the phone. The Council requires this service to be provided without interruption, 24/7, 365 days a year as it underpins the collection of income for payment streams such as Council Tax and Non-Domestic Rates.
- 1.4 During the current contract period the Council has implemented a new income management solution, Capita's Pay360, which processes payments made via internet, touchtone, assisted telephony and in person using chip and PIN devices. This implementation is part of a wider review of incoming customer payments which has improved visibility of how payments are managed.
- 1.5 Successful end to end processing for customer payments requires the Council's payment acceptance services to integrate seamlessly with Pay360. Changing payment acceptance provider requires technical support from both Capita and CGI, the Council's IT provider. Supporting this change would attract a one-off CGI implementation charge and take approximately seven weeks to complete.
- 1.6 A commodity team comprising stakeholders from Financial Services, Glasgow Life and the Corporate Procurement Unit (CPU) was formed to develop the sourcing strategy and deliver a new contract.
- 1.7 In line with the efficiency and effectiveness of the Council's Corporate Procurement and Commercial Improvement Strategy 2018 – 2022 (<https://www.glasgow.gov.uk/CHttpHandler.ashx?id=42092&p=0>, which promotes consideration of National and Collaborative Frameworks), it was agreed that a direct award process from Lot 1 – Face to Face and Card Not Present (CNP), Card Acquiring, Gateway and Alternative Payment Methods (APM) Services, reference RM6118, of Crown Commercial Services (CCS) Framework for Payment Acceptance Services, would be the most appropriate method to deliver this contract.
- 1.8 The duration of the contract is from 3rd April 2022 to 2nd April 2026. This entails an initial 24-month period with the option to extend for two further periods of 12 months.

1.9 The contract will be utilised by the Council family as required.

2 Direct Award Evaluation

2.1 The CCS Framework provides a compliant route to procure payment acceptance services tailored to meet customers' specific requirements. The commodity team reviewed the scope of services for Lot 1, confirming that it met all technical and service delivery requirements. The Framework's transparent fee structure also offered a suitable pricing model to manage costs and monitor usage. Three suppliers, including the Council's incumbent, are appointed to Lot 1.

2.2 The Framework enables customers to direct award on the basis that a robust quality and pricing evaluation can be undertaken to determine scores and overall ranking.

2.3 Aligning with the Framework evaluation structure the commodity team selected the following award criteria and weightings to undertake the direct award assessment:

Price	Quality	Quality Sub Criteria
55%	45%	Implementation and Go Live - 20%
		Fraud and Data Security - 10%
		Online Reporting System - 10%
		Account Management - 5%

2.4 The price evaluation was carried out using detailed historic payment transaction data for the Council. The commodity team developed an average annual usage profile, accounting for transaction volumes, values, and card types. This data was then applied to each supplier's tendered Framework pricing to calculate a comparable annual cost. Taking account of the conditions detailed in section 1.5 above, the cost to change was added to both non-incumbents' costs. The price evaluation was therefore conducted using all relevant costs, providing a like for like baseline for comparison.

2.5 The evaluation scoring and estimated award value of the supplier being recommended for award is shown in the table below:-

Supplier	Total Evaluation Score	Estimated Value (per annum)	Rank
Worldpay Limited	98%	£333,927	1

A summary of the unsuccessful evaluation results can be found at Appendix A.

2.6 As the recommendation is to award the contract to the incumbent there are no specific implementation activities to be undertaken, however at the time of

contract switch over Worldpay will work with the Council to identify and adopt improvements in service delivery.

- 2.7 Each Council family entity will monitor the supplier's day to day operational performance. Overall contract and supplier performance will be managed by CPU.

3 Policy and Resource Implications

Resource Implications:

Financial:

The annual estimated award value of £333,927, totaling £1,335,708 over the 4-years duration of the contract, will be met by existing Council family revenue budgets.

The recommended supplier's rates are closely aligned to the rates the Council is currently paying for payment acceptance services and are fixed for the life of the contract, including all extension periods.

A number of factors will impact the total value over the life of the contract:

- The volume, value and type of transactions processed, and
- Prevailing interchange and scheme fees. These pass-through costs are set by a cardholder's bank and card provider respectively and are subject to change approximately every 6 months.

Legal:

The report raises no new legal issues.

The Director of Legal and Administration will be responsible for concluding the contract.

Personnel:

There are no direct personnel implications.

Procurement:

A direct award as outlined in section 1.7

Council Strategic Plan:

This procurement will help support the Council's Strategic Plan (2017- 2022) under the following themes:

A Well Governed City That Listens and Responds – Priority 95

Offers modern, secure payment methods for citizens and business alike.

A Thriving Economy – Priority 4

Fair working Practices – these were not included in the CCS Framework however the recommended supplier offers a number of measures in support of fair work including;

- No use of zero hours contracts
- 24/7 Employee Assistance Program
- Virtual healthcare service
- Personalised training and development programmes to support career progression.

Community Benefits - contractual community benefits did not form part of the CCS Framework.

Voluntary community benefits will be encouraged during the life of the contract.

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2021-25

The procurement supports best practice in the procurement of services.

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

An EQIA was previously undertaken. This highlighted that there are no equality impacts related to the provision of this service.

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

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify:

N/A

What are the potential climate impacts as a result of this proposal? N/A

Will the proposal contribute to Glasgow's net zero carbon target? Worldpay has a Climate Action Plan that includes achieving 100% carbon neutrality for scope1 and 2 emissions by 2025.

Privacy and Data Protection impacts: No data protection impacts identified

4 Recommendations

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Appendix A Unsuccessful Suppliers

Supplier	Total Evaluation Score	Rank
GPUK LLP Trading as Global Payments (Companies House Number - OC337146)	90.36	2
Barclays Bank PLC Trading as Barclaycard Payment Solutions (Companies House Number –1026167)	76.72	3