

Report for **Cabinet 13 October 2020**

Title: Award of a contract for provision of Icon Managed Service

Report authorised by : Director of Director of Customer, Transformation and Resources

Lead Officer: **Carla Villa, x3111, carla.villa@haringey.gov.uk**

Ward(s) affected: N/A

Report for Key/

Non Key Decision: Key Decision

1. Describe the issue under consideration

This report seeks Cabinet approval, under Contract Standing Order (CSO) 11.02, for the early termination with the supplier's consent of the Council's existing contract for provision of the payment transaction processing managed service and, under CSO 9.07.1d which provides that contracts valued at £500,000 (five hundred thousand pounds) or more may only be awarded, assigned or novated by the Cabinet, and to award to the preferred supplier a contract for the same service including a mid call solution. This is for a contract period of 5 years with options to extend for a further 2 one-year periods.

2. Cabinet Member Introduction

The Council has a current contract for the provision and management of the payment transaction processing system due to expire in May 2022 which was let under the Crown Commercial Services (CCS) Local Authority Software Applications (LASA) framework which has now expired and can no longer be used. The Customer First programme would like to purchase a mid call solution to improve the customer journey when making payments. The LASA framework has been replaced by CCS's Data Applications (DAS) framework and it is proposed to call off from the DAS Framework a new contract for 5 years with options to extend for 2 further one-year periods for the Payment Processing managed service and for the new contract to include a mid call solution.

3. Recommendations

- 3.1 It is recommended that Cabinet approves, in accordance with Contract Standing Order (CSO) 9.07.1d), the award to the supplier identified in the exempt report of a contract for the payment processing managed service including a mid call solution for an initial 5-year term valued at £1,095,160.00 with options to extend for 2 further one-year periods together valued at £405,876.00 with a total contract value of £1,501,036.00 over the maximum term of 7 years.
- 3.2 It is also recommended that Cabinet approves, under CSO 11.02, the early termination, with the consent of the supplier, of the current contract with the same supplier which started up on 1/6/2019 and was due to expire on

31/5/2022. This contract would be superseded by the one to be awarded under paragraph 3.1 above.

4. Reasons for decision

The current contract was called off from a LASA framework that has since expired so that further services cannot be called off from it. The Council intends to purchase a mid call solution as part of the Customer First programme which allows the customers services representative to stay on the line whilst payment is being made by the customer to help with any issues and deal with further queries they may have that are unrelated to the payment. The solution being purchased is PCI compliant and will prevent loss of income due to customers abandoning the call if they get stuck at any point and will improve the service offered to residents. The Council's current payment processing contract does not expire until 2022 but the intention is to terminate this contract and to let a new contract for 5 years with options to extend for 2 further one-year periods and include the mid call solution at the same time. This new contract is to be called off from the DAS framework which replaces the LASA framework. As the current contract only has a year left to run it seemed prudent that the new contract should be placed and that this should include the mid call element so that there is only one contract to manage, one invoice to pay and Cabinet can deal with all this in one go now.

5. Alternative options considered

Do Nothing – not an option as a mid call solution is required to ensure the Council is fully Payment Card Industry (PCI) compliant and to prevent customers losing income from abandoned calls.

Do a separate contract for a mid call solution to integrate with our current system - this would mean having two contracts with different end dates and could prove problematic when/if either contract expires.

Tender for a new contract - this would be a major piece of work, as the payment processing application integrates with many systems that take income, and could be disruptive. It is also not ideal during COVID when as little face to face contact is required as possible.

Research was carried out with a number of suppliers who could provide an alternative to the mid call solution but all were found to be more expensive. It was therefore decided to stay with the incumbent where integration is streamlined and compliant under PCIDSS.

6. Background information

Haringey operates the payments processing system to process card payments from customers, both face to face and online, which then interfaces into line of business applications, to SAP and the banks. The Council entered into a 3 year LASA framework call-off contract in 2018 which commenced in June 2019 and was due to run until 31/5/2022. The total cost of the contract was £489,999.99 or £163,333.33pa. The LASA framework has now expired and the Council through the Customer First programme would like to purchase a mid call solution but are unable to call off any further purchases under the LASA framework as it has expired and been replaced with the DAS RM3821

Framework. However, the Council could instead let a new contract under the DAS framework by way of a direct award. This is allowed under the framework's call-off criteria as the system integrates with all applications that take payment. As the current contract only has a year left to run, the supplier is prepared to agree to the early termination without penalties of the current contract and to enter into a new contract to be called off under the DAS framework, under Lot 1A and 2A, for 5 years with options to extend for further 2 one-year periods. A review of the suppliers under Lot 1A of the framework showed that only one provider could meet the criteria to supply a payments system. The DAS framework allows for direct award if the all the deliverables are available for call off/on the catalogue from the framework and the direct award complies with the framework award procedure.

Cost of payment processing managed service for 7 years	£1,190,231.00
Cost of mid call service for 7 years	£ 230,335.00
One off costs for mid call	£ 52,545.00
One off costs for payment processing	£ 27,925.00
Total contract value	£1,501,036.00

Avoided costs as a result of this contract include the following:-

RPI as the cost is fixed for all 7 years	£ 26,684
Mid call licence fees due under a separate contract	£ 28,500
Webpay Staff licence £45,000 less £12,500 leaving saving of	£ 32,500
Paylink conversion	£ 12,950
Parking system integration	£ 20,650
Total avoided costs	£121,284

The Council will receive a credit for the unused part of the current contract relating to payments for 20/21 and the aim is for the new contract to supersede that contract starting on the 30/10/20.

7. Contribution to strategic outcomes

Automate services where appropriate to enable customers to complete tasks easily/quickly as possible

- The Customer services agent will stay online with the customer to help provide guidance and deal with any subserquest queries
- Automated service that allows residents to pay for the services provided
- Reduces the number of attempts that residents make due to abandoning of calls as have encountered issues and required to call/queue again
- Increases the income as less abandoned calls

8. Statutory Officers comments (Chief Finance Officer, Head of Procurement), Assistant Director of Corporate Governance, Equalities)

Head of Finance

The contract award has two elements, namely the payment processing managed service and the purchase of a mid call solution.

The payment processing managed service will have (i) one-off implementation costs of £27,925 which will be funded from the Digital services programme (Scheme 602) within the Your Council capital programme; and (ii) ongoing costs of £170,033 pa (with no indexation uplift required) which represents a small increase of £6,700 pa on the current service and can be managed within the existing Digital Services revenue budget. The total cost over the maximum 7 year period of the contract is £1,218,156.

The Mid Call solution has been identified by the Customer First programme. It will have (i) one-off implementation costs of £52,545 which will be funded from the Customer First programme (Scheme 622) within the Your Council capital programme; and (ii) ongoing costs of £32,905 pa (with no indexation uplift required). The latter will be funded from a part FTE saving as a result of reduced end to end transaction times and from a significant expected increase in the amount of outstanding debt recovered from the improved customer journey that the solution provides. The total cost over the maximum 7 year period is £282,880.

Head of Procurement

Strategic Procurement supports the award of contract in accordance with the rules of the framework which allow for a direct award under the procurement framework is allowed. This complies with CSO 7.01(b)

A review of the suppliers offerings on the framework was undertaken and this determined that only one provider was able to meet our requirement and thus offered MEAT.

The direct award criteria requires that the requirement must be intrinsically linked to a system already within the customers organisation and that the products must be present on the Government eMarketplace which is correct for this award
The third requirement that the order form should be completed will be complied with once the Cabinet decision to award is agreed.

Assistant Director of Corporate Governance

This report is proposing the award of a contract by way of a direct award call-off from the Crown Commercial Service's DAS RM3821 framework agreement.

Pursuant to Contract Standing Order (CSO) 7.01(b) and Regulation 33 of the Public Contract Regulations 2015 the Council may award contracts called off under a framework established by another public sector body.

Strategic Procurement have confirmed that the DAS framework provisions allow for a direct award of a contract without the need for a mini-competition in calling off the proposed supplier.

Pursuant to CSO 9.07.1(c), contracts valued at £500,000 or more are to be awarded by Cabinet.

The Assistant Director of Corporate Governance is not aware of any legal reason preventing the approval of the recommendations in paragraph 3 of this report.

Equalities

The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.

This report seeks decision on the procurement of a mid- call delivery solution to support customer service and manage customer payments to the council which is compliant with Contract Standing order 9.07.1d.

The 'mid-call' system as opposed to the 'end-call' system will benefit customer experience, supportin enhanced access and process completion. This is because with a 'mid-call' solution an officer remains on the phone line to help the customer with any issues throughout the process, thus reducing potential frustration and then need to re-call to access help.

The recommendation put forward in this report is not anticipated to have a negative impact on any groups with protected characteristics and can be seen as a positive move toward supporting a customer experience that is timely, safe and professional.

9. Use of Appendices

n/a

10. Local Government (Access to Information) Act 1985

This report contains exempt and non-exempt information. The exempt information is contained in the exempt report and is not for publication. The exempt information is exempt under the following category (identified in amended schedule 12A of the Local Government Act 1972 (3)):

Information relating to the financial or business affairs of any particular person (including the authority holding that information).