

Report for: Cabinet Member for Finance and Corporate Services

Title: Re-Procurement of Merchant Acquirer Services and award of Contract

Report authorised by : Taryn Eves, Chief Finance Officer

Lead Officer: Josephine Lyseight, Director of Finance

Ward(s) affected: N/A

1. Describe the issue under consideration

- 1.1** Merchant acquiring services enable the Council to process debit and credit card payments across its services, supporting the secure collection of income from residents, businesses and partners. This function is business-critical, underpinning approximately £86m of annual card income and enabling the Council to collect fees, charges, and other payments efficiently and securely. The merchant acquirer forms a core component of the Council's income management infrastructure.
- 1.2** The Council's current merchant acquiring arrangements are no longer financially sustainable, with projected annual costs of approximately £1.021m significantly exceeding the available budget. Continuing under the existing commercial terms would create an ongoing and material revenue pressure. Given the scale of income processed, this also represents a significant value-for-money issue requiring urgent action.
- 1.3** The issue under consideration is therefore how the Council secures a financially sustainable and compliant merchant acquiring arrangement.
- 1.4** The current arrangement supports multiple payment channels across council services, including online, telephone and face-to-face transactions. Any change must therefore maintain integration with existing payment gateways and line-of-business systems, while ensuring compliance with Payment Card Industry Data Security Standards (PCI DSS) and public procurement regulations.
- 1.5** This is not a transformation programme but a commercially focused re-procurement exercise aimed at securing improved pricing and contractual terms while maintaining operational stability. The objective is to reduce revenue pressure, improve value for money, and provide greater cost certainty without disrupting income collection processes.
- 1.6** This report therefore seeks approval for the commencement of a procurement exercise for a merchant acquirer service to secure significantly improved commercial terms and address the current budget gap while ensuring compliance

and service continuity AND to proceed with the award of contract via a direct award under an approved Framework with the existing provider.

2. Cabinet Member Introduction

N/A

3. Recommendations

The Cabinet Member for Finance and Corporate Services is asked to:

- 3.1 Approve the commencement of the re-procurement of the merchant acquirer provision as permitted under CSOs 0.08 and 2.01b
- 3.2 Approve the award of a contract to Global Pay for a term of 2 years at a value of £980k in accordance with 7.02 (The Council may call-off from Frameworks established by other public sector organisations) and CSOs 0.08 (Cabinet Member decision) and 2.01 c) (Cabinet approval of award of contract valued £500k and above).
- 3.2 Note that current arrangements are financially unsustainable and create a significant ongoing revenue pressure.
- 3.3 Note that the proposed approach will reduce annual costs, ensure procurement compliance, and maintain continuity of critical income collection services.

4. Reasons for decision

- 4.1 The Council currently processes approximately £86m per annum in card income. Projected merchant acquiring costs of circa £1.021m in 2025/26 significantly exceed the available budget and represent poor value for money.
- 4.2 Continuing under existing terms would create a recurring budget pressure and expose the Council to financial risk.
- 4.3 Re-procuring via the Crown Commercial Service Framework 6325 Payment Acceptance, Lot 1 with the incumbent provider enables the Council to secure materially improved rates while avoiding service disruption, system reconfiguration costs, and implementation risk.
- 4.4 This approach is compliant with procurement regulations, maintains PCI DSS (Payment Card Industry Data Security Standard) compliance, and ensures uninterrupted income collection across all payment channels.
- 4.5 The revised commercial terms would reduce the Council's annual merchant acquiring cost from approximately £1.02m to £490k, delivering savings of around £530k per annum and addresses the current budget gap.

5. Alternative options considered

- 5.1 Do Nothing
Continuing under the existing contract terms would result in ongoing budget overspend of over £500k per annum. This option is not financially sustainable and does not represent value for money.
- 5.2 Full Open Procurement Exercise
Running a full competitive procurement could test the wider market; however, it would require significant officer time and specialist resource, introduce implementation and transition risks, and could disrupt income collection. There is limited organisational appetite for system change which will be resource intensive and delay any immediate reductions, and no identified budget to support a complex transition.
- 5.3 Recommended Option – CCS Framework RM6325 Lot 1 Re-procurement with Existing Provider
Re-procuring CCS framework with the incumbent provider secures improved commercial terms while maintaining operational stability. This option balances cost reduction, compliance, deliverability and risk, and is therefore the preferred approach.

6. Background information

Overview and Context

- 6.1 This report seeks approval to re-procure the Council's merchant acquiring services via CCS Framework 6325 Lot 1 with the existing provider, to secure materially improved commercial terms and address a significant budget pressure.
- 6.2 Merchant acquiring services enable the Council to securely process debit and credit card payments across all services, including Council Tax, Business Rates, rents, parking, licensing, and other transactional income. The Council processes approximately £86m per annum in card income. These services are business-critical: any disruption would directly impact cash flow, customer experience, and the Council's ability to collect income effectively.
- 6.3 Projected costs under the current arrangements are approximately £1.021m in 2025/26, which is significantly above the available budget. This creates a recurring and unsustainable revenue pressure. The scale of expenditure, combined with the volume of income processed, presents a clear value-for-money opportunity.
- 6.4 The decision before Cabinet is therefore how to secure compliant, stable and cost-effective merchant acquiring arrangements that protect income collection while addressing the financial pressure.

Political and Strategic Context

- 6.5 The proposal aligns with the Council's corporate priorities, including:
- Ensuring value for money and financial sustainability.

- Strengthening financial resilience in the context of continued funding pressures.
 - Delivering efficient, resident-focused services.
- 6.6 In the context of ongoing local government financial challenges, including inflationary pressures and constrained funding settlements, addressing avoidable revenue overspends is essential. This proposal supports prudent financial management and responsible stewardship of public money.
- 6.7 The approach is consistent with the principles of the Haringey Deal, particularly:
- Being open and transparent about financial pressures and acting to address them.
 - Working collaboratively with partners and suppliers to secure improved outcomes.
 - Delivering value for residents by reducing avoidable costs without reducing services.

External and Market Context

- 6.8 Merchant acquiring is a regulated financial service market, influenced by:
- Interchange fee regulations.
 - PCI DSS (Payment Card Industry Data Security Standard) compliance requirements.
 - Ongoing developments in digital payments and online service delivery.
- 6.9 Rates available in the market have shifted since the original contract was agreed. Benchmarking indicates that the Council's current pricing is no longer competitive. The use of an approved procurement Framework enables compliant market access while reducing time, cost and delivery risk compared to a full open procurement exercise.

Local Financial Context

- 6.10 The Council continues to operate in a challenging financial environment. The projected £1.021m annual cost of merchant acquiring materially exceeds the available budget and contributes to wider in-year and medium-term financial pressures.
- 6.11 Failure to act would:
- Create a recurring overspend of approximately £530k per annum.
 - Reduce financial flexibility in other service areas.
 - Increase reliance on mitigations elsewhere in the budget.
- 6.12 Re-procurement via the Framework is expected to reduce the Council's annual merchant acquiring cost from approximately £1.02m to £490k, delivering savings

of around £530k per annum and bring expenditure back within a sustainable envelope.

Technology and Operational Considerations

- 6.13 Merchant acquiring services are integrated with multiple Council systems, including online payment portals, telephony systems, and back-office finance systems. Any change in provider carries implementation risks, including:
- System integration and testing requirements.
 - Risk of disruption to live payment channels.
 - Resource impacts across Digital, Finance and service areas.
- 6.14 The proposed approach maintains continuity with the incumbent provider while resetting commercial terms. This significantly reduces technical transition risk and avoids the need for extensive system reconfiguration. It also maintains existing PCI DSS compliance arrangements and operational processes.

Cross-Council Implications

- 6.15 Card payment functionality supports virtually all frontline services. The proposal therefore has cross-Council relevance, including Finance, Digital, Customer Services, Environment and Housing.
- 6.16 Internal consultation has been undertaken with:
- Finance (including the Chief Financial Officer and Director of Finance).
 - Digital and Technology teams.
 - Procurement.

Stakeholder and Partner Views

- 6.17 Service leads have confirmed that card payment capability is essential to service delivery and customer experience. Residents and businesses increasingly expect accessible, reliable digital payment channels.
- 6.18 The proposal does not reduce services or change how residents pay; rather, it improves value for money behind the scenes. As such, it aligns with resident interests by protecting services and reducing avoidable costs.
- 6.19 The incumbent provider has engaged constructively in discussions regarding revised terms through the Framework route.

Risk Management Analysis

- 6.20 Key risks identified include:
- Financial risk if costs are not reduced.

- Operational risk if payment services are disrupted.
- Reputational risk if residents are unable to make payments.
- Procurement compliance risk if an inappropriate route is used.

6.21 Mitigations include:

- Using a compliant Framework route.
- Maintaining the incumbent provider to reduce transition risk.
- Early engagement with Digital and Finance to manage implementation.
- Formal contract variation and governance oversight.

7. Contribution to the Corporate Delivery Plan 2022-2024 High level Strategic outcomes?

7.1 The proposed re-procurement of the Council's merchant acquirer supports the Corporate Delivery Plan by strengthening the Council's financial sustainability and ensuring robust income collection arrangements. By securing significantly improved commercial terms and reducing ongoing revenue pressure, the proposal directly supports the priority of delivering a financially resilient Council that can continue to provide high-quality services for residents.

7.2 It also contributes to the priority of a well-run Council by ensuring secure, reliable and compliant processing of circa £86m in annual card income, maintaining business continuity and safeguarding the Council's ability to meet its statutory obligations.

8. Carbon and Climate Change

8.1 The proposed re-procurement of the Council's merchant acquirer is a financial and commercial decision and does not directly impact carbon emissions, energy usage, or climate change adaptation. The service relates to the processing of electronic card payments, which are already embedded within the Council's digital infrastructure.

8.2 While there is no material change in carbon impact as a result of this decision, maintaining and optimising secure digital payment channels continues to support online transactions, which can help reduce reliance on more carbon-intensive in-person processes over time.

9. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

9.1 Finance

9.1.1 The £980,000 estimated cost of this two-year contract award for Merchant Acquirer services will be funded from existing provision within the bank charges budget. This re-procurement offers significantly better commercial terms and

resolves an existing budget pressure within the corporate non-service revenue budget.

9.2 Procurement

- 9.2.1 The proposed re- procurement of Merchant Acquirer services will be led by Strategic Procurement and will be governed by the requirements of the relevant Procurement Legislation. The CCS Framework RM6325, Lot 1, is fully compliant with the Public Contracts Regulations (PCR) 2015 and expressly permits the use of direct award.
- 9.2.2 Both Procurement Legislation and the Council's Contract Standing Orders (Section 7.02) recognise frameworks as a compliant and efficient route to market. Frameworks offer several strategic advantages, including reduced procurement timelines, access to pre- qualified suppliers, favourable commercial terms, and the benefits of aggregated expenditure—each contributing to the delivery of best value for the Council. In this instance, a direct award to the Council's incumbent provider, Global Payments, offers the strongest position in terms of cost efficiency and operational continuity.
- 9.2.3 Under Contract Standing Orders 0.08 and 2.01(b), a Cabinet Member decision is required to commence any procurement activity with an estimated value of £500,000 or more and
- 9.2.4 Cabinet is also authorised to approve contract awards of £500,000 and above (CSO 2.01c)

9.3 Legal

- 9.3.1 The Director of legal and Government (Monitoring Officer) was consulted in the preparation of the report.
- 9.3.2 Pursuant to the provisions of the Council's Contract Standing Order (CSO) 2.01(b), Cabinet has authority to approve the commencement of a procurement exercise where the value of the contract to be procured is £500,000 or more and as such the recommendation in paragraph 3 of the report is in line with the Council's CSO.
- 9.3.3 Indicates and Strategic Procurement has confirmed that the contract in the report is going to be procured via the CCS Framework RM6325, Lot 1 which is a compliant route to procure such a contract under Regulation 33 of the Public Contracts Regulations 2015 and the Council's Contract Standing Order (CSO) 7.02.

- 9.3.4 Pursuant to the provisions of the Council's CSO 2.01(c), Cabinet may approve the award of a contract where the value of the contract is £500,000 or more as such the recommendation in paragraph 3.2 of the report is in line with the Council's CSO.
- 9.3.5 Further to paragraphs 9.3.2 and 9.3.4 above and pursuant to the provisions of the Council's CSO 0.08, a decision reserved for Cabinet may be taken by a Cabinet Member with the agreement of the Leader and as such the recommendation in paragraph 3 of the report seeking approval from the Cabinet Member for Finance and Corporate Services is in line with the Council's CSO so long as the Cabinet Member is taking the decision with the agreement of the Leader.
- 9.3.6 The Director of Legal and Governance (Monitoring Officer) see no legal reasons preventing the approval of the recommendations in the report.
- 9.4.1 **Equality**
- 9.4.2 The council has a Public Sector Equality Duty (PSED) under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
 - Advance equality of opportunity between people who share protected characteristics and people who do not.
 - Foster good relations between people who share those characteristics and people who do not.
- 9.4.3 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, race and ethnicity, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 9.4.4 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.
- 9.4.5 The re-procurement of the Council's merchant acquiring services is a back-office commercial decision and does not change service eligibility, fees and charges, or the payment methods available to residents. As such, no direct adverse impacts on protected groups have been identified.
- 9.4.6 The proposal maintains secure and reliable card payment facilities across online, telephone and face-to-face channels, supporting continued accessibility for residents, including those who rely on remote or digital payment options. Maintaining stable payment channels helps ensure equitable access to council services and reduces the risk of disruption that could disproportionately impact vulnerable residents.
- 9.4.7 No equalities imbalances have been identified through the screening process. Should the scope of the service change in future (for example, changes to

payment channels or customer interfaces), a full EQIA would be undertaken as appropriate.

10. Use of Appendices

None

11. Background papers

None