

Report of	Meeting	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Cabinet	13 June 2024

Merchant Acquiring Services Tender

Is this report confidential?	No
------------------------------	----

Is this decision key?	Yes
-----------------------	-----

Savings or expenditure amounting to greater than £100,000	Significant impact on 2 or more council wards
---	---

Purpose of the Report

1. The report seeks approval to enter into a joint procurement exercise, with South Ribble Borough Council and Preston Council, supported by an external specialist consultant in this area, to procure Merchant Acquiring Services.

Recommendations to Executive Cabinet

2. To approve the procurement strategy as outlined in this report.
3. To approve the proposed evaluation criteria for the contract.
4. To delegate authority to the Executive Member (Resources) to enter into a contract with the successful bidder identified through the procurement process.

Reasons for recommendations

5. The nature of the service to be procured is specialised so the advice and input of an expert, who can undertake the necessary research and analysis of bids, is considered prudent.
6. A joint procurement with two other councils should present an attractive proposition to potential suppliers and should secure a competitive price and value for money.
7. The current cost to Chorley Council for these services is approximately £65k per annum and the contract proposed is for three years, plus an option to extend for a further two years. It is anticipated that savings can be secured through the procurement exercise.
8. The proposal is for BRC Consulting Services Limited (BRC) to manage a full market tender on behalf of the three Councils. The tender will be undertaken as a joint exercise with a view to selecting one merchant acquirer who will deliver the same

core service model to each Council but with separate contracts recognising that there will also be specific differences in requirements. Core service requirements, as well as service requirements specific to each Council, will be incorporated into a single tender document.

Other options considered and rejected

9. An alternative option would be for the Council to enter into a procurement exercise as a single organisation, and without external support. However as a joint procurement exercise, the council should benefit from more competitive prices, and through the advice and expertise of a specialist, will be able to undertake a more effective evaluation of the bids submitted.

Corporate priorities

10. The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

11. Merchant Acquiring services are the means by which the council processes credit and debit card payments from customers. They allow card transactions to be processed securely and ensure that customers are offered a choice of payment channels for council services. Council income collected via credit/debit cards equates to approximately £5.5m per annum, covering over 45,000 transactions.
12. It is a number of years since a full tender exercise was undertaken for Merchant Acquiring Services. This procurement exercise will ensure compliance with the council's Contract Procedure Rules and will ensure the council is receiving a competitively priced service.
13. Chorley Council will be the Lead Partner in the exercise, which will be supported by external consultants, BRC Consulting Services Ltd, who bring the required expertise and market knowledge to the exercise.
14. Once the tender document has been approved, the Councils will be responsible for publishing the tender notice and documents on the electronic tender portal, The Chest. BRC will also alert key service providers to the tender and where the tender documents can be found.
15. BRC will assist in answering any pre-tender submission queries from prospective service providers, but the councils will be responsible for publishing the queries and responses on the tender portal.
16. Following the procurement process, the successful supplier will contract separately with each of the three councils.

Evaluation of Tenders

17. The evaluation of tenders will be based on the following criteria and weightings;

QUALITY SECTION	ITT
1: Payment Processing	3%
2: Information Only – not scored	
3: Reporting	3%
4: Settlement	3%
5: Innovation	4%
6: Security & Fraud Prevention	5%
7: Service Quality & Service Resilience	3%
8: Implementation & Training	4%
QUALITY	25%
SOCIAL VALUE	20%
PRICE	55%
TOTAL	100%

Climate change and air quality

18. The work noted in this report does not impact the climate change and sustainability targets of the Council's Green Agenda, and all environmental considerations are in place.

Equality and diversity

19. There are no implications arising from this report.

Risk

20. The Council receives £5.5m of income each year from payments through Merchant Acquiring Services. The implications of not being able to offer card payments as a payment channel comes with reputational and financial risk.
21. Failure to undertake a procurement exercise would result in failure to comply with the Council's Contract Procedure Rules.

Comments of the Statutory Finance Officer

22. The cost of Merchant Acquiring Services is approximately £65k per annum, which is included in the council's budget.
23. Over the life of the proposed contract of 3 years, including the option to extend for a further two years, the total expenditure would be £325k.
24. Based on current market rates, and discussions with the specialist advisor, it is hoped savings can be made through the tender exercise.

Comments of the Monitoring Officer

25. The process outlined appears compliant with both the council's contract procedure rules and legislation. Given the value of the contract (even for each council) the client team should liaise with the Procurement Team to ensure that all statutory notices and stand still periods are adhered to, to ensure legal compliance.

Background documents

There are no background papers to this report.

Report Author:	Email:	Telephone:	Date:
Louise Mattinson (Director of Finance)	louise.mattinson@chorley.gov.uk	01257 515151	23 May 2024

This decision will come into force and may be implemented five working days after its publication date, subject to being called in in accordance with the Council's Constitution.