

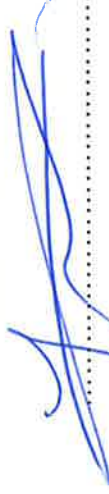
NOTICE OF DELEGATION OF DECISION TO CABINET MEMBER BY STRONG LEADER

Section 15(4) of the Local Government Act 2000, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

I, J-P Campion, as Strong Leader, delegate the decision for the Contract for Electronic Payment Service, as detailed in the Forward Plan to the Cabinet Member detailed below:

Cabinet Member for Resources & Transformation - Councillor Nathan Desmond

Dated: 16th Oct 2013



Signed:

Leader of the Council

NOTICE OF DECISION OF CABINET MEMBER

Pursuant Section 15(4) of the Local Government Act 2000, as amended by section 63 of the Local Government and Public Involvement in Health Act 2007, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1st December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

In accordance with the authority delegated to me / by the Leader (delete as appropriate), I have made the following decision:

Subject	Decision	Reason for decision	Date for Decision to be taken
Contract for the Provision of Electronic Payment Service Using Allpay	The Contract for Electronic Payment Services shall be awarded to Allpay Ltd under the terms of the Northern Housing Consortium Agreement	The procurement of Allpay allows alternative payment methods for customers as they offer the best value outlets for the customer and they offer the best value for the Council.	16 th October 2013

I confirm that the appropriate statutory officer consultation has taken place with regard to this decision.

Dated:

16/10/13

Signed:



Councillor: Nathan Desmond
Cabinet Member for Resources and Transformation

WYRE FOREST DISTRICT COUNCIL

CABINET DECISION FOR STRONG LEADER APPROVAL

11th OCTOBER 2013

**CONTRACT FOR THE PROVISION OF ELECTRONIC PAYMENT SERVICE
USING ALLPAY**

SUSTAINABLE COMMUNITY STRATEGY THEME:	Stronger Community
CORPORATE PLAN PRIORITY:	Delivering Together With Less
CABINET MEMBER:	Nathan Desmond
DIRECTOR:	Ian Miller
CONTACT OFFICERS:	David Johnson / Lucy Wright
APPENDICES:	Appendix A Cost Comparison.

1. PURPOSE OF REPORT

- 1.1 To grant approval to award the contract for electronic payment services to Allpay Ltd.

2. RECOMMENDATION

The Cabinet is asked to DECIDE that:

- 2.1 **The Contract for electronic payment services detailed in this report shall be awarded to Allpay Ltd under the terms of the Northern Housing Consortium agreement.**

3. BACKGROUND

- 3.1 Community Housing Group is closing its Riverside offices in Stourport in December. This has caused us to re-examine how we receive cash payments from customers as it would not be possible to transfer the existing kiosk machine to a new location in Stourport on that timescale. There is the opportunity to provide communities throughout Wyre Forest with payment facilities in their locality which are more numerous and open for longer hours.
- 3.2 The proposed new arrangements will help to reduce the on-going costs of processing cash and cheque payments via the post and in person via the Hub. The overall trend is fewer payments are being made by cheque with more payments taken via ATP and on-line via the website.
- 3.3 They will also help increase trade in local businesses and Post Offices in Wyre Forest by increasing footfall. There will be increased hours for making payments as customers can only currently make cash payments in person during the opening hours of the Hub centres in each of the 3 towns.

- 3.4 Allpay is widely used by Local Authorities and is also offered by Wyre Forest Community Housing to their tenants, thus providing a convenient and consistent approach for many taxpayers.
- 3.5 The Allpay service is free to customers to use and is widely available across Wyre Forest. There are in excess of 50 outlets at Post Offices and local businesses with PayPoint in a 5 mile radius of Kidderminster town centre.
- 3.6 Allpay also offer a number of other payment channels including payment by text, mobile apps, web payments and ATP although we will retain the last two with our existing providers as transaction costs for these are lower.

4. KEY ISSUES

- 4.1 The procurement of Allpay as the payment provider can be made by using an existing framework that is available to all current or future members of the Northern Housing Consortium..
- 4.2 The framework period is for a period of 48 months commencing November 2010.
- 4.3 This service is also offered by Santander and the Co-op but due to their low credit rating and lower number of outlets, and the fact that Allpay is widely used by Local Authorities and Wyre Forest Community Housing, then Allpay is considered as the best overall option for Wyre Forest District Council.
- 4.4 Bar coding of all bills and invoices would be required to enable customers to make payments at Post Offices and PayPoint outlets. The functionality is already available for Council Tax and NNDR. Further work may be required for Debtor accounts.
- 4.5 Payment information will be downloaded via Allpay's web connection service the next day and posted electronically to our financial systems. Allpay will credit our bank account with the income in 5 working days
- 4.6 The contract will be awarded under the terms of the North Housing Consortium framework agreement. This agreement is due to expire November 2014 when the contract will be reviewed..

5. FINANCIAL IMPLICATIONS

5.1 Allpay's transaction charges are fixed:

Outlet Type	Min Transaction Value	Max Transaction Value	Transaction Charge	Barcode Capability	Payment Method Accepted
Post Office	1p	£999.99**	49.35p	Yes	Cash Cheque Debit Card*
PayPoint	1p	£200.00**	44.25p	Yes	Cash Cheque Debit Card*

* accepted at the discretion of Paypoint outlet

** Payments over maximum limit are accepted but attract additional transaction charges

- 5.2 Cost comparisons covering current costs and potential future costs using Allpay are set out in Appendix A and show that, while the cost of receiving cash payments would increase, overall the effect is cost neutral as the change allows us to reduce accommodation and staffing costs.
- 5.3 Credit card payments will not be accepted when paying through AllPay as transaction charges would have to be absorbed by the Council. However we will still accept payments by credit card for customers who pay using our website or ATP as we are able to pass on the charges we incur to the customer.
- 5.4 The estimated one off implementation costs for Allpay total £3,500 and bar coding invoices for Debtor Accounts are being met from the ICT Strategy Capital Programme.
- 5.5 Annual membership fee of £974.00 to join the Northern Housing Consortium.

6. LEGAL AND POLICY IMPLICATIONS

- 6.1 The Contract Procedure Rules permit the use of framework agreements where the Solicitor to the Council is satisfied that the Council can lawfully use them and that it is in the Council's interest to do so. Use of the agreement is lawful due to membership being made up of Local Authorities and Registered Social Landlords.. For the reasons set out in this report the Solicitor to the Council is satisfied it is in the interest of the Council to utilise the contract.
- 6.2 Due to the value of the contract Cabinet approval is required to award the contract under paragraphs 9 and 19.9 of the Contract Procedure Rules.

7. EQUALITY IMPACT NEEDS ASSESSMENT

- 7.1 An equality impact assessment screening has been carried out. The proposal has been found to have no detrimental impact and therefore a full assessment is not required.

8. RISK MANAGEMENT

- 8.1 The contract needs to be entered by mid October 2013 in order to allow implementation as soon as possible after the closure of Community Housing Group's Riverside office on 2nd December. Regular customers who make cash payments in Stourport will be contacted individually to inform them of the new arrangements and when they will commence, as well as other options that they can use during December.
- 8.2 Costings are provided on a best estimate. It is difficult to predict future costs precisely due to the new bank tender and the potential for customers to shift channels from other less costly forms of payment to Allpay.

9. CONCLUSION

- 9.1 The procurement of Allpay would allow alternative payment methods for customers following the closure of the Community Housing Group's Office in Stourport. In April 2014, the payment kiosks will be removed from Kidderminster and the cash desk closed in Bewdley, allowing all customers to pay using Allpay as they offer the best value for the Council and increased payment outlets for the customer.

10. CONSULTEES

- 10.1 Chief Executive
- 10.2 Wyre Forest Procurement Advisor
- 10.3 Solicitor to the Council
- 10.4 Chief Finance Officer

11. BACKGROUND PAPERS

- 11.1 Equality impact screening

Alternative payment solution – current and potential future costs

1.1 The following table outlines the current costs of running the payments kiosks at Kidderminster and Stourport in addition to all ‘hidden’ charges in the form of bank/transaction costs each time a customer pays by ATP/Web as well as our current bank charges and collection costs from G4S. There are further “hidden” costs, not taken into account in the table, which relate to staff time in undertaking daily reconciliations etc . These would reduce but not disappear entirely if we ceased to handle cash.

Table 1

	Current costs £	Future costs if kiosks retained £
Kiosk maintenance x2 kiosks	4,200	11,200
Cash receipting system *	4,900	7,000
Non PCI DSS compliance charge*	600	-
ATP debit card charges	9,400	9,400
ATP line rental	500	500
Web debit card charges	4,300	4,300
Kiosks – HSBC charges	2,800	2,800
Kiosk transaction charges	500	500
Bank charges	9,000	12,000
G4S collections	6,300	9,300
TOTAL	£42,500	£57,000

Note *The Council’s existing cash receipting system is not compliant with the Payment Card Industry Data Standard (PCI DSS) and, as such, we are currently being charged £600 for non compliance. Our current cash receipting system requires updating, whether moving to alternative payment methods or not, and this is being met by funding with the ICT Strategy.

- 1.2 The higher costs of arrangements for receiving cash payments will be offset by reductions in accommodation and staffing costs in Stourport and Bewdley. The hub will be relocated to Stourport library with effect from December 2013, and to the Museum in Bewdley. Staffing costs will be reduced at both locations.
- 1.3 The following tables show the estimated costs of moving to an alternative method of payment. . The majority of customers would have greater options for paying their Council Tax, NNDR and sundry debt invoices once we have bar-coded their bills.
- 1.4 There are two main providers of alternative payment methods. The first is AllPay where customers can pay via Post Offices or PayPoint outlets. The second is Santander where customers can pay via Post Offices or Pay Zone outlets.
- 1.5 AllPay has two transaction charges – payments made at a Post Office would cost the Council 49.35p per transaction, with a maximum transaction limit of £999. Payments made at PayPoint outlets would cost the Council 44.25p per transaction with a maximum transaction limit of £200. Customers wishing to pay more than £200 can do so, but the charge to the Council would increase accordingly.

- 1.6 Santander also has two transaction charges – payments made at a Post Office would cost the Council 49p per transaction with a maximum transaction limit of £999 (the same as AllPay). Payments made at Pay Zone would cost the Council 35p per transaction with a maximum limit of £999.

Table 2

AllPay	Post Office (49.35p per transaction) £	PayPoint (44.25p per transaction) £	Average
Upgraded cash receipting system	7,000	7,000	
ATP debit card	9,400	9,400	
ATP line rental	500	500	
Web debit card	4,300	4,300	
AllPay transaction charges	32,300	31,600	
Bank charges	3,000	3,000	
G4S cash/cheque collection charges	1,500	1,500	
Northern Housing Consortium	1,000	1,000	
	£59,000	£58,300	£58,650

Santander	Post Office (49p per transaction) £	PayZone (35p per transaction) £	Average
Upgraded cash receipting system	7,000	7,000	
ATP debit card	9,400	9,400	
ATP line rental	500	500	
Web debit card	4,300	4,300	
Santander transaction charges	32,000	23,000	
Bank charges	3,000	3,000	
G4S cash/cheque collection charges	1,500	1,500	
	£57,700	£48,700	£53,200

- 1.7 The yellow highlighted transaction charges above, have been calculated on the worst case scenario by taking every transaction made in a 12 month period between July 2012 and July 2013. It is impossible to predict where customers would choose to pay, either at a Post Office or PayPoint/Pay Zone. Consequently, the above data has been gathered on the basis that all customers will choose either one outlet or another although reality would be that it would be a combination of both, thus reducing the highest costs. For information, the average across both scenarios has also been shown.
- 1.8 The above costings have also been made on the assumption that we could reduce the number of G4S collections to once a week.
- 1.9 Staffing and accommodation costs in both towns will be reduced:

Table 3

Hub costs:	Current costs	Future costs
Bewdley overheads	14,000	2,500
Stourport overheads	5,200	2,500
Approx staffing costs	32,500	22,500
TOTAL	£51,700	£27,500

1.10 Thus the overall comparison is between the current costs of the hubs in Bewdley and Stourport including retention of payment kiosks and using Allpay but with reduced accommodation and staffing costs in the two towns.

Table 4: comparison

	Costs if kiosks retained £	Future costs £
Retention of kiosks (Table 1)	57,000	
Allpay (Table 2)		58,650
Accommodation and staffing (Table 3)	51,700	27,500
TOTAL	108,700	89,150