

	Executive	Agenda Item No.
	16th April 2014	6
Title	Renewal of Allpay Contract	
For further information about this report please contact	Fiona Clark	
Wards of the District directly affected	All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	N/A	
Background Papers	N/A	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	No
Equality and Sustainability Impact Assessment Undertaken	Yes/No (If No state why below)

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	19/3/14	Andrew Jones
Head of Service	19/3/14	Andrew Jones
CMT	21/3/14	Chris Elliott, Bill Hunt
Section 151 Officer	21/3/14	Mike Snow
Monitoring Officer	21/3/14	Andrew Jones
Finance	21/3/14	Mike Snow
Portfolio Holder(s)	21/3/14	Clr Mrs Grainger
Consultation & Community Engagement		
None		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

- 1.1 This purpose of this report is to seek approval to renew the cash collection contract with Allpay.net Ltd (Allpay).

2. **RECOMMENDATION**

- 2.1 That Executive approves an exemption to the council's Code of Procurement Practice to renew the cash collection contract with Allpay for a period of three years without seeking tenders.
- 2.2 That Executive agrees to discontinue the practice of issuing plastic cards for payments.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 The Council's Code of Procurement Practice permits senior managers to dispense with the usual procurement procedure and not seek tenders "where there is some...genuine and valid reason why competitive tenders should not be sought." (5.2 refers).
- 3.2 Officers have explored alternative options to the Allpay payment network and currently there is no other cash collection supplier who provides the range of choice for the customer.
- 3.3 Allpay has offered to renew the contract on the same terms as present. Following the conclusion of the new agreement between Allpay and the Post Office, the current cost of the contract is estimated to be between £57,000 and £58,000 in 2014/15. This is subject to any potential increase in costs arising from changes in RPI and any further saving achieved in reducing the number of new and replacement cards currently being issued as discussed in paragraph 5.1.
- 3.4 All payments to the council using Allpay can be made using barcoded stationery. For example, Council Tax, Business Rates, Parking fine payments, sundry debtor invoices and Housing rents. However significant numbers of Allpay payment cards for the payment of Housing rents are still being issued. Each card currently costs £1.22 including postage to issue. In the period March 2013 to February 2014 1,149 cards were issued, many of them repeat replacements resulting in a cost of £1,402 to the council. By issuing barcodes on Housing letters this amount will be an annual saving.

4. **POLICY FRAMEWORK**

- 4.1 **Policy Framework** – the decision to award the contract to Allpay is not in conflict with the policy framework.
- 4.2 **Fit for the Future** – awarding the contract to Allpay is in line with the Fit for the Future objectives.

5. **BUDGETARY FRAMEWORK**

- 5.1 Allpay has recently concluded a new agreement with the Post Office which should reduce the current Post Office transaction cost by 1p per transaction.

This should result in a saving of approximately £700 per year. Appendix 1 refers to the Allpay charges.

6. RISKS

- 6.1 There are no risks associated with awarding the contract to Allpay for a further three years. Allpay successfully processes in the region of 120,000 Warwick District Council transactions via their network annually.
- 6.2 As there is no competition for this service the risk of a challenge is therefore minimal.

7. ALTERNATIVE OPTION(S) CONSIDERED

- 7.1 There are currently no alternative suppliers who offer the same functionality that Allpay offer and our customers use.
- 7.2 This contract was last tendered for in May 2010. At that time there were potential competitors to Allpay, e.g. Co-operative Bank Plc, however those companies now no longer offer this over the counter payment solution.

8. BACKGROUND

- 8.1 In May 2004 the council took the strategic decision to close its cashier service and enter into a contractual relationship with a private sector partner for the collection of statutory and discretionary payments.
- 8.2 The contract was subsequently awarded to Allpay. The original contract was for a period of three years.
- 8.3 Following an open tender process in April 2010, Allpay were successful in winning the contract.
- 8.4 A team of officers, including Procurement Manager, Customer Contact Manager and Principal Accountant, have been working together to identify any other companies in the market place for an over the counter payments solution. At this point in time there are no suitable alternatives.
- 8.5 The council has a separate contract with Capita to provide electronic payments. This contract is 'in perpetuity'. However, the transactions costs have been reviewed against the transaction charges by Allpay to ensure the council is still achieving value for money. The charges by Allpay are significantly more than is currently paid to Capita. Appendix 1 refers.
- 8.6 Capita have indicated that they will have a competitor product to Allpay which is likely to be launched in approximately two years' time.
- 8.7 In retaining the current arrangement the authority would:
 - Protect its investment to date;
 - Continue with a process it understands and can explain to customers;
 - Build on the good relationship it has developed with the supplier.