

**BIRMINGHAM CITY COUNCIL**

**PUBLIC REPORT**

<b>Report to:</b>	<b>CABINET</b>
<b>Report of:</b>	<b>STRATEGIC DIRECTOR, FINANCE AND LEGAL</b>
<b>Date of Decision:</b>	<b>28<sup>th</sup> June 2016</b>
<b>SUBJECT:</b>	<b>STRATEGY / AWARD REPORT FOR ELECTRONIC BILL PAYMENT SERVICES (P171)</b>
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 001473/2016</b>
<b>If not in the Forward Plan: (please "X" box)</b>	<b>Chief Executive approved <input type="checkbox"/></b> <b>O&amp;S Chairman approved <input type="checkbox"/></b>
<b>Relevant Cabinet Member(s):</b>	<b>Cllr Majid Mahmood, Cabinet Member for Value for Money and Efficiency</b>
<b>Relevant O&amp;S Chairman:</b>	<b>Cllr Mohammed Aikhlaq, Corporate Resources and Governance</b>
<b>Wards affected:</b>	<b>ALL</b>

<b>1. Purpose of report:</b>
<p>1.1 This report seeks approval for the award of a contract called off the Northern Housing Consortium Electronic Payment Services (2015) Framework Agreement for the provision of an electronic bill payment service for a period of three years.</p> <p>1.2 The private agenda report contains confidential market information.</p>

<b>2. Decision recommended:</b>
<p>That Cabinet:</p> <p>2.1 Notes the content of the report.</p>

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### **3. Consultation**

#### Internal

The Strategic Director Finance and Legal, the Assistant Director - Shared Services Centre and the Service Director – Customer Services have been consulted and are in agreement with the content of this report.

Officers from City Finance, Corporate Procurement Services and Legal Services have been involved in the preparation of this report.

#### 3.1 External

Officers from Northern Housing Consortium have been consulted and confirm the suitability for the Council to use this framework agreement.

### **4. Compliance Issues:**

#### 4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

4.1.1 Proposals are consistent with the Council Business Plan and Budget 2016+ outcome “Fairness: A healthy, happy city”, by providing citizens access to make payments to the Council at either the Post Office or retail outlets who offer the Paypoint network.

#### 4.1.2 Birmingham Business Charter for Social Responsibility (BBC4SR)

The provider has agreed to sign up to principles of the Charter. Action plans were submitted as part of their tender response detailing the specific actions intended to be undertaken under each principle and is considered to be acceptable. This will enable the provider to be certified under the scheme and this certification must be maintained for the duration of the contract. The performance against the action plan will be monitored on a regular basis as part of the contract management plan.

#### 4.2 Financial Implications

4.2.1 The proposed framework contract does not commit the Council to a specific level of spend. Charges are based on levels of transactional activity. Shared Services Centre and Housing Revenue Account budgets will meet the costs for Revenues and Housing transactions.

#### 4.3 Legal Implications

4.3.1 This payment system enables the Council to discharge a range of statutory functions including those in Part 2 Housing Act 1985 and the Local Government Finance Act 1992

#### 4.3.2 Information Management

The nature of this contract is service-based and there are no significant information management issues to be addressed.

#### 4.4 Public Sector Equality Duty

- 4.4.1 A relevance test to decide whether the planned procurement for Electronic Bill Payments Services has any relevance to the equality duty contained in Section 149 of the Equality Act 2010 in order to eliminate unfair/unlawful discrimination and to promote equality and human rights was conducted on 3<sup>rd</sup> May 2016.

The screening identified there was no requirement to assess it further and completion of an Equality Assessment form was not required.

### **5. Relevant background / chronology of key events:**

#### 5.1 Background and Service Requirements

- 5.1.1 Electronic bill payment is a method of payment used by the Council for the collection of Housing Rent, Council Tax and Parking Fines at either the Post Office or retail outlets who offer the PayPoint Network. The bill payment systems provide convenient locations for citizens to pay for a range of bills.
- 5.1.2 In order to maximise income to the Council, it must give citizens access to make payments using the widest methods possible.
- 5.1.3 The provision of electronic bill payments for PayPoint and Post Office networks is currently provided by allpay Limited using the Northern Housing Consortium framework agreement. The decision to approve the use of the framework agreement was authorised by the Assistant Director of Procurement, Director of Corporate Finance and the Director of Legal & Democratic Service (or their delegate) in accordance with the Council's Procurement Governance Arrangements on 12<sup>th</sup> December 2011. The contract commenced on 1<sup>st</sup> February 2012 and expires on 30<sup>th</sup> June 2016.

#### 5.2 Outcomes Expected

- 5.2.1 The following outcomes are anticipated as a result of the proposed procurement process to be carried out:
- Maintains the ability for citizens within Birmingham to make payments to the Council for Housing Rent, Council Tax and Parking Fines at either the Post Office or retail outlets who offer the PayPoint network.
  - Maintains efficient processing of payments for the Council.
  - Maintains the ability of the Council to maximise income by giving citizens access to make payments using a variety of payment methods.

#### 5.3 Market Analysis

- 5.3.1 The market for the supply of electronic bill payment services is a niche market with only a small number of providers who can meet the requirements of the Council.

#### 5.4 Procurement Options

- 5.4.1 The following options were considered:

- Do nothing - the current contract ends on 30<sup>th</sup> June 2016. Not properly applying procurement law may result in a breach of the Public Contracts Regulations 2015, Standing Orders or the Procurement and Commissioning Strategy.
- Tender as a Council only contract - in the current economic climate this would not be cost effective or a prudent use of funds or resources where no additional value would be gained against using a collaborative framework agreement.
- Use a Collaborative Framework Agreement - There are currently two national framework agreements in place that cover Electronic Bill Payments tendered by Northern Housing Consortium (NHC) and Procurement for Housing (PfH) that are suitable for use by other public bodies. This is the most cost effective option.

#### NHC Electronic Payment Services (2015) Framework Agreement

The NHC framework agreement commenced in June 2015 for a period of 2 years with the option to extend for a further 2 years. The framework agreement permits the mandatory requirement that the suppliers sign up to the BBC4SR. This framework agreement offers the most competitive rates and is therefore the recommended option to use. The protocol of the framework agreements allows for a direct award. Further details are in paragraph 5.5.

#### PfH – Electronic Payments Framework Agreement

The PfH framework agreement commenced on 2<sup>nd</sup> September 2015 for a period of 2 years with allowances to extend up to a maximum of 4 years and is suitable to use. Due to the lower rates offered on the other framework agreement available this option was rejected.

### 5.5 Procurement Approach

5.5.1 The recommended option is a direct award calling off the NHC Framework Agreement commencing in July 2016 for a period of 3 years. The contract period of 3 years is set to expire at the same time as the framework agreement.

#### 5.5.2 Call-Off Protocol

As the framework agreement was awarded as a sole supply to one supplier it is not appropriate to undertake a competition exercise. The protocol for awarding a contract from the framework agreement is to award a direct call-off, in this case allpay Limited. Social value will not be included as an evaluation criteria however the companies will be required to sign up to the BBC4SR and produce actions proportionate to the value of the contracts awarded.

### 5.6 Risk

5.6.1 The CPS approach is to follow the Council Risk Management Methodology and the Procurement and Contract Management Team will be responsible for local risk management. CPS maintains a risk management register and documentation relevant for each contract. The risk register for the service has been jointly produced and owned by Shared Services and CPS with arrangements being put in place to ensure

operational risks are mitigated.

**5.7 Service Delivery Management**

5.7.1 The contract will be managed operationally by the Accounts Receivable Manager, reporting to the Assistant Director – Shared Services Centre.

5.7.2 Formal contract management measures will be included as a requirement of the contract by Key Performance Indicators around service levels.

**6. Evaluation of alternative option(s):**

6.1 An analysis and evaluation of the alternative options is included in 5.4 above.

**7. Reasons for Decisions:**

7.1 To enable a direct award to be made for electronic bill payments utilising the NHC Electronic Payment Services (2015) Framework Agreement.

**Signatures:**

**Date**

Councillor Majid Mahmood:..... Date.....  
Cabinet Member for Value for Money and Efficiency

Jon Warlow:..... Date.....  
Strategic Director, Finance and Legal

**List of Background Documents used to compile this Report:**

None

**List of Appendices accompanying this Report (if any):**

None