

For general release:

REPORT TO:	Cabinet Member for Finance & Treasury 18 September 2017
AGENDA ITEM:	Background paper to Investing in our Borough report
SUBJECT:	Income Management, Cash Receipting and Electronic Payment Systems Support & Maintenance Contract
LEAD OFFICER:	Graham Cadle, Director of Customer & Corporate Services Richard Simpson, Executive Director Resources & S151 Officer
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance and Treasury in consultation with the Leader of the Council
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT This recommendation supports the work of the corporate priority Managing Demand. The provision of Income Management, Cash Receipting and Electronic Payment Solutions is vital to the Council. This enables customers to make payments to the Council via credit or debit card and enables the Council to correctly record and allocate payments received via all payments methods from customers.	
AMBITIOUS FOR CROYDON & WHY ARE WE DOING THIS: The Council has already made significant investment in Income Management, Cash Receipting and Electronic Payment Systems. The continuation of the service for a further 2 years will allow time for the Council to review technology developments in the payment services market with a view to re-procuring the service, either in part or in full during 2019. This sits with the Council as an enabler under the Corporate Plan supporting Ambitious for Croydon	
FINANCIAL IMPACT: The implementation of the recommendation to extend the current contract, will be funded from the existing revenue Finance Service Centre. The total anticipated cost over 2 years is £416k.	
KEY DECISION REFERENCE NO.: <i>this is not a key decision</i>	

1. RECOMMENDATIONS

The nominated cabinet member in consultation with the leader of the Council to approve in accordance with Regulation 27d of the Council's Tenders and Contracts Regulations, retrospective authority to exercise the built-in extension of Income Management, Cash Receipting and Electronic Payment Systems Support & Maintenance Services with Capita Business Services Limited ("the Contract") for a further term of 2 x 1 years. The

cost associated with exercising the extension option is £416,000, taking the total contract value to £960,000.

2. EXECUTIVE SUMMARY

- 2.1 The report recommends exercising the built-in extension of the Contract for the support and maintenance of the existing Income Management, Cash Receipting and Electronic Payment processing systems. This will result in the Contract being extended to its full lifetime (5 years), up to 31 March 2019.
- 2.2 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
13/04/2017	CCB1246/17-18

3. DETAIL

- 3.1 The Council currently operates Income Management, Cash Receipting and Electronic Payment processing systems as part of arrangements to receive and manage payments into the organisation.
- 3.2 The Council currently uses the Capita axis income management system for cash collection and income distribution. The support and maintenance for the current Capita system can only be provided by Capita, the current supplier in order to maintain the patches and software release levels.
- 3.3 The Council relies on the income management system, cash receipting system and hosted solution for credit and debit cards as a mechanism for processing payments made to the Council. The arrangement provides the platform to ensure payments totaling an average of £500m per annum can be processed accurately and efficiently.
- 3.4 The current support and maintenance contract for the Income Management, Cash Receipting and Electronic Payment processing systems was originally let for an initial term of 3 years from 1 April 2014 – 31 March 2017, with the option to extend for a further 2 x 1 year periods.
- 3.5 As the Council owns the right to use the system licences in perpetuity and the system meets the business needs of the Council, best value will be met by extending the current arrangements with Capita for continued support and maintenance services and associated payment processing services for the 2 x 1 year period as provided for in the Contract.
- 3.6 An alternative approach would be to replace the existing system and payment processing services, which is expected to be in the region of £0.5m in additional cost. The Council would need to acquire the right to use new licenses and pay for implementation costs of a new system and the migration and decommissioning costs for the existing arrangements. By utilizing this extension the Council is taking a tactical approach to the support and maintenance and payment processing rather than considering changing the entire system, allows

time for the Council to consider the future of the Capita system and review the payment solutions market.

3.7 A corporate priority for the Council is managing demand. A key managing demand project focuses on Income and debt with the aim of streamlining policy and processes to maximise income and debt collection and increase consistency across the Council. An extension of the Contract for Income Management, Cash Receipting and Electronic Payment processing systems would allow time to align to the work of this programme, ensuring any future contract/s offer a flexible range of payment channels to customers which are cost effective for the Council in order to support the aims and objectives of this project.

4. CONSULTATION

4.1 No consultation is required.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 Revenue and Capital consequences of report recommendations

		Current year	Medium Term Financial Strategy – 3 year forecast		
		2017/18	2018/19	2019/20	20/21
		£'000	£'000	£'000	£'000
Revenue available	Budget	208	208	n/a	N/A
Expenditure					
Income					
Effect of decision from report		208	208		
Expenditure					
Income					
Remaining budget		0	0		

2 The effect of the decision

2.2.1 The effect of the decision will be to enact the Contract provisions and extend the current contract with Capita Business Services Ltd for a period of 2 x 1 years.

3 Risks

3.1 Capita Business Services Ltd is the current provider to the London Borough of Croydon there is therefore minimal risk in terms of continued service provision.

4 Options

4.1 As this is an extension of an existing contract no other options are being considered.

5 Future savings/efficiencies

- 5.1 There are no additional savings identified from the extension of the existing support and maintenance contract.

(Approved by: Luke Chiverton, Head of Finance)

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor comments that the proposal is in accordance with the Council's Tenders and Contracts Regulations and seeks to support the Council's duty to achieve Best Value pursuant to the Local Government Act 1999.

(Approved by Scott Couzens for and on behalf of Jacqueline Harris-Baker, Director of Law and Monitoring Officer.)

7. HUMAN RESOURCES IMPACT

- 7.1 There are no immediate HR implications that arise from the recommendations in this report for LBC staff

(Approved by: Jason Singh on behalf of the Director of Human Resources)

8. EQUALITIES IMPACT

- 8.1 An Initial Equality Analysis was undertaken to assess the likely adverse impact the contract award would have on protected groups compared to non-protected groups. The analysis concluded that a full equality analysis will not be required due to the fact that the extension of the support and maintenance contract for Income Management, Cash Receipting and Electronic Payment Systems would not have any adverse impact on protected groups compared to non-protected groups.

9. ENVIRONMENTAL IMPACT

- 9.1 There are no environmental impacts identified as a result of the proposed contract award

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no direct crime and disorder impacts identified as a result of the proposed contract award

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The continuation of the service for a further 2 years will allow time for the Council to review technology developments in the payment services market aligned to the corporate Managing demand project income and debt with a view to re-procuring the service, either in part or in full during 2019.

12. OPTIONS CONSIDERED AND REJECTED

12.1 As this is an extension of an existing support and maintenance contract no other options are being considered.

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