

For General Release

REPORT TO:	CABINET MEMBER FOR FINANCE AND RESOURCES
SUBJECT:	Early Payment Programme Services
LEAD OFFICER:	Sue Moorman, Director of Human Resources
CABINET MEMBER:	Cllr Simon Hall Cabinet Member for Finance and Resources
WARDS:	'All'

CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON

Croydon Council Workforce Strategy alignment:

This contract will provide a regular income stream over the contract term and improve transactional efficiency, process transparency and adherence to purchase to pay best practice.

FINANCIAL IMPACT

Payment to the provider is based on gain share of the rebates from third party suppliers for early payment of invoices

FORWARD PLAN KEY DECISION REFERENCE NO.: 2320FR

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the 5th working day after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet Member for Finance and Resources the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

- 1.1 The Cabinet Member for Finance & Resources, in consultation with the Leader of the Council is recommended to approve the award of a Call Off Contract under Oldham Council's Framework Agreement for Early Payment Programme Services for a term of 2 years with the option to extend up to 3 further years (2 + 1) for a contract value of up to £278,000 per annum to Oxygen Finance Ltd.

2. EXECUTIVE SUMMARY

- 2.1 The Council's current contract for Early Payment Programme Services (PSP) is provided by Oxygen Finance Ltd which expired end of June 2020.
- 2.2 PSP works by offering to pay suppliers of goods and services to the Council in advance of their standard contracted payment terms of 30 days in return for a small percentage rebate of the invoiced amount.
- 2.3 In return for early payment the supplier is paid a smaller % of the invoice amount dependent on how far in advance of the standard 30 days they are paid.

- 2.4 The percentage saving to the Council on the invoice split between the Council (called a rebate) and the contracted provider is 60% in favour of the Council.
- 2.5 PSP supports the Councils economic regeneration objectives, by offering local, micro and some SME's the benefit of early payment without a rebate being taken from the invoiced amount.
- 2.6 This report recommends a contract award to Oxygen Finance Ltd via Oldham Councils Framework for a term of 2 years with the option to extend for a further 2 years plus 1 year. A total term of 5 years for an estimated income of £278,000 per annum.
- 2.7 The content of this award report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB Ref. Number
09/09/2020	CCB1609/20-21

3. DETAIL

- 3.1 The procurement strategy to call off from Oldham Council's single provider framework was approved by CCB on 30/04/20 reference CCB1577/20-21.
- 3.2 Oldham Council entered in to their Framework Agreement with Oxygen Finance Ltd on 15 February 2017 and the Framework expires on 14 February 2021. The Framework consists of 2 lots
- Lot 1 'Implementation and Operation Services' and
 - Lot 2 'Ongoing Operation from the Provider'.
- 3.3 The recommendation is to enter into a Call-Off Contract from Lot 2 as Oxygen Finance Ltd already provide the Services to the Council so this will be an 'ongoing operation from the provider'.
- 3.4 In accordance with regulation 9.1 of the Tenders and Contracts Regulations, Oxygen Finance Ltd submitted, via the Council's e-tendering portal, a Tender Response Document with answers to a number of quality questions on how they will deliver the services against the Council's specification.
- 3.5 Oxygens Tender Response was evaluated as per the methodology set out in the Instructions to Tender Document and Oxygen Finance LTD passed on all questions as set out in the table below.

Questions	Evaluation Criteria Pass/ Fail
Insurance	Pass
General Data Protection Regs	Pass
Compliance to Modern Slavery Act	Pass
Compliance to Business Continuity	Pass
Compliance to London Living Wage	Pass
Activities and initiatives to ensure income from the scheme is maximized	Pass
Examples how gain share will be calculated	Pass

Detail how the finance fee will be calculated	Pass
Social value	Pass

3.6 Therefore the Council has assurance that Oxygen can deliver the services as per the Council's specification.

3.7 The gain share split will be as per the Framework which is 60% to the Council and 40% to Oxygen.

4. CONSULTATION

4.1 Consultation with officers in Finance, Procurement and Legal with regard to the scope and future contract management / performance was undertaken. The outcome of which has been accounted for in the contract.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 Revenue and Capital consequences of report recommendations

Anticipated net gain per year £278,000

Financial Implications						
Details	Internal Capital	Revenue	Period of funding	External		Period of funding
				Capital	Revenue	
Existing Budget Available		(261,000)				
Effect of decision of report		(278,000)	2+2+1 year			

5.2 The effect of the decision

The Council will enter into a call off contract with Oxygen Finance for term of 2 years with the option to extend for a further 2 plus 1 years.

5.3 Risks

There are no known risks arising from this report.

5.4 Options

Options were considered at the strategy stage and the subject of this report is the best value option.

5.5 Future savings/efficiencies

This is an income generating contract for the council.

Approved by: Felicia Wright Head of Finance - Resources on behalf of Lisa Taylor, Director of Finance, Investment and Risk and Section 151 Officer.

6. LEGAL CONSIDERATIONS

6.1 There are no additional legal considerations directly arising from this report.

Approved by Sonia Likhari on behalf of the Director of Law and Governance, and Monitoring Officer.

7. HUMAN RESOURCES IMPACT

7.1 There are no HR implications arising from this report.

Approved by Jennifer Sankar, for and on behalf of Sue Moorman, Director of Human Resources.

8. EQUALITIES IMPACT

8.1 There are no equalities impacts arising from this report.

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts arising from this report..

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no crime and disorder impacts arising from this report

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 The recommendation to award this contract is based on the evaluation of Oxygen Finance Ltd Tender Return which confirmed their ability to meet the services requirements set out in the Specification.

12. OPTIONS CONSIDERED AND REJECTED

12.1 Options considered were set out in the approved strategy report.

13. DATA PROTECTION IMPLICATIONS

None.

13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

No

13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

Not applicable

CONTACT OFFICER: Valerie Guascone, Category Manager

BACKGROUND DOCUMENTS: None