	Officer Key Decision
	Report to the Corporate Director of Finance and Resources
	Lead Member – Deputy Leader & Cabinet Member for Finance and Resources

Authority to award contract for Merchant Acquiring Services

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Part Exempt – Appendix 1 is exempt as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)"
No. of Appendices:	One Appendix 1 – (Exempt) Breakdown of annual costs
Background Papers[1]**:**	None
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1.0 Executive Summary

1.1 This report concerns the procurement of Merchant Acquiring services. Merchant Acquiring is a critical contract for the Council and is essential for collecting income and debt through debit and credit card payments. More than £100 million is collected by the Council each year using this service.

1.2 Following the grant of a waiver of Contract Standing Orders by the Cabinet Member for Finance and Resources, this report requests authority to directly award a contract for Merchant Acquiring services and summarises the justification for the direct award.

1.3 The proposed Contract will be for a period of up to 18 months and will have an estimated aggregate value of £1.08 million.

2.0 Recommendation(s)

That the Corporate Director of Finance and Resources:

2.1 Notes that the Cabinet Member for Finance and Resources, having consulted with the Leader, has granted a waiver of the requirement to comply with Contract Standing Orders in respect of the Contract for Merchant Acquiring services.

2.2 Notes the Contract Standing Order 89 considerations set out in this report.

2.3 Approves the direct award of the Contract for Merchant Acquiring services for a period of up to 18 months, in the estimated sum of £1.08 million, Barclays Bank PLC.

3.0 Detail

Contribution to Borough Plan Priorities and Strategic Context

3.1 Merchant Acquiring services form an essential part of the Council's financial and customer access systems. The service enables residents and customers to pay the Council using debit and credit cards through online, telephone and face-to-face payment channels.

3.2 The Contract supports the objectives of the Council's Customer Access Strategy by helping to ensure that the online customer journey is accessible, user-friendly and straightforward. Customers reasonably expect to be able to pay for Council services online using debit and credit cards.

3.3 The Customer Access Strategy also recognises that not all residents are able to access Council services online. Merchant Acquiring therefore supports a wider range of payment options by providing an essential component of telephone and face-to-face card payments.

3.4 The Contract is also an essential enabler of the Council's Cashless Parking Strategy. Cashless parking payments are principally made by card. Although alternative cashless payment methods may be considered in the future, these do not presently have the same level of customer use and acceptance as card payments.

Background

3.5 Merchant Acquiring is an essential contract from a financial and operational perspective. It enables residents and customers to pay the Council by debit and credit card. More than £100 million is collected by the Council each year using the service.

3.6 The procurement of Merchant Acquiring services is complex. It requires a technical procurement involving multiple Council departments, financial systems, payment channels and differing operational requirements.

3.7 If the Contract were awarded to a different provider, significant implementation and transition work would be required to migrate the Council's financial systems and payment processes to the new provider.

3.8 Officers have concluded that such a transition could not be completed before the existing arrangements expire because of the technical and operational work required. The Council cannot accept a material interruption to the service, as this would affect income collection through e-commerce, online, telephone and face-to-face payment channels.

3.9 Officers therefore propose that the Council directly awards an interim Contract for a period of up to 18 months. Officers will use that period to plan and undertake a compliant procurement exercise and to allow sufficient time for implementation and transition to any future provider.

Justification for Direct Award

3.10 The Cabinet Member for Finance and Resources, having consulted with the Leader, has granted a waiver of the requirement to comply with Contract Standing Orders in respect of the Contract. The waiver permits the Contract to be awarded directly without a competitive procurement process under the Council's Contract Standing Orders.

3.11 A direct award is justified because continuity of the Merchant Acquiring service must be maintained. An interruption to the service would have serious operational and financial consequences for the Council and would affect its ability to collect income and debt from residents and customers.

3.12 The Contract is above the applicable threshold for services under the Procurement Act 2023. Officers propose to rely on paragraph 13 of Schedule 5 to the Procurement Act 2023, concerning extreme and unavoidable urgency, as the legal basis for the direct award.

3.13 Officers consider that the direct award is strictly necessary to maintain an essential income-collection service and that a competitive procurement procedure cannot be completed within the time available before the current arrangements expire.

3.14 The direct award is limited to a period of up to 18 months. Officers intend to use that period to undertake a compliant procurement exercise and to plan and implement any necessary transition to a future provider.

Contract Standing Order 89 Considerations

3.15 In considering the direct award, officers have had regard to the relevant Contract Standing Order 89 considerations.

3.16 The proposed Contract is required to maintain continuity of an essential service. Failure to award the Contract would create a significant risk of disruption to the Council's ability to accept debit and credit card payments and collect income.

3.17 The proposed duration is limited to the period officers consider necessary to undertake a compliant procurement exercise and complete any implementation and transition activity.

3.18 Officers have considered value for money by comparing the proposed cost of the Contract against available Crown Commercial Service framework information.

3.19 In assessing value for money, officers have also taken account of the significant implementation, integration and transition costs that would arise from changing provider at this stage.

3.20 On that basis, officers consider that the proposed arrangements represent value for money over the proposed 18-month Contract term.

Proposed Award

3.21 It is proposed to award the Contract to Barclays Bank PLC for a period of up to 18 months at an estimated aggregate value of £1.08 million.

3.22 The estimated annual value of the Contract is £720,000. The cost comprises processing fees, interchange fees and scheme or activity-based fees.

3.23 The Contract is expected to commence on August 1, 2026 following completion of the applicable decision-making, transparency and contract award requirements.

4.0 Stakeholder and ward member consultation and engagement

4.1 No external stakeholder or ward member consultation is considered necessary in relation to the proposed award.

4.2 The report has been subject to consultation with Legal, Procurement and Finance officers and with the Cabinet Member for Finance and Resources and the relevant Chief Officer.

5.0 Financial Considerations

5.1 Part 3 of the Council's Constitution states that the Corporate Director of Finance and Resources has delegated authority to approve the award of contracts for goods and services valued at less than £2 million. The estimated aggregate value of the proposed Contract is £1.08 million and is therefore below that threshold.

5.2 The proposed Contract has an estimated annual value of £720,000 and an estimated aggregate value of £1.08 million over the full 18-month term.

5.3 The estimated annual cost has been set out in Appendix 1 of the report.

5.4 Merchant Acquiring services represent the continuation of existing service provision. The Contract will therefore be funded from existing Council budgets.

5.5 Officers have assessed the value for money offered by the proposed arrangements by comparing the proposed cost against available Crown Commercial Service framework information.

5.6 In carrying out that assessment, officers have taken account of the significant costs, implementation requirements and risks associated with moving to a different provider before a properly planned procurement and transition exercise can be completed.

5.7 Officers consider that the proposed arrangements represent value for money over the limited 18-month Contract period.

6.0 Legal Considerations

6.1 The estimated value of the Contract over its lifetime is £1.08 million. This exceeds the applicable Procurement Act 2023 threshold for services and the award of the Contract is therefore governed by the Procurement Act 2023.

6.2 Section 41 of the Procurement Act 2023 permits a contracting authority to award a public contract directly where a direct award justification specified in Schedule 5 applies.

6.3 Officers propose to rely on paragraph 13 of Schedule 5 to the Procurement Act 2023, concerning extreme and unavoidable urgency. The direct award is considered strictly necessary to maintain the Council's essential Merchant Acquiring service and avoid interruption to the Council's ability to collect income. Officers consider that there is insufficient time to complete a competitive procurement procedure before the existing arrangements expire.

6.4 The factual basis supporting reliance on paragraph 13 of Schedule 5 must remain accurate at the time the award decision is taken. The scope, duration and value of the Contract should be limited to what is strictly necessary to address the urgent circumstances and enable the Council to complete a compliant procurement exercise.

6.5 The Council must comply with the applicable transparency and procedural requirements under the Procurement Act 2023, including publication of the notices required for a direct award, before entering into the Contract.

6.6 The standard Form 28 wording relating to a competitive tender process and notification of unsuccessful tenderers is not applicable because the proposed Contract is to be awarded directly and there are no competing tenderers arising from a procurement exercise.

6.7 The award of the Contract is subject to the Council's Contract Standing Orders. The Contract is classified as a Medium Value Contract. The Cabinet Member for Finance and Resources, having consulted with the Leader, has approved a waiver of the requirement to tender the Contract pursuant to Contract Standing Order 84(a) and paragraph 13 of Part 3 of the Constitution.

6.8 The Corporate Director of Finance and Resources has delegated authority to approve the award of a services contract with an estimated value below £2 million, subject to compliance with the Council's Constitution, Contract Standing Orders and applicable procurement legislation.

6.9 Officers have stated that the service will continue to be delivered by the existing provider. On the information presently available, no implications for Council staff have been identified. Any employment or transfer implications should nevertheless be confirmed before the Contract is entered into.

6.10 This is a Key Decision for the purposes of paragraph 27 of Part 2 of the Constitution. In accordance with paragraph 30 of Part 2, the decision may not be taken unless it has been included in the Forward Plan, with not less than 28 clear days' notice of the intended decision having been given.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 Pursuant to s149 Equality Act 2010 (the "Public Sector Equality Duty"), the Council must, in the exercise of its functions, have due regard to the need to:

(a) eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act
(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it,

7.2 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

7.3 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

7.4 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.

7.5 The proposals in this report have been subject to screening and officers believe that there are no adverse equality implications.

8.0 Climate Change and Environmental Considerations

8.1 The proposed Contract award is not expected to have a significant positive or adverse impact on the Council's environmental objectives.

8.2 The environmental impact associated with card payments is expected to remain substantially the same regardless of the Merchant Acquiring provider, as transactions continue to operate through the established payment card schemes.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 The service is currently provided by an external contractor and no implications for Council staff have been identified as arising from the proposed award.

9.2 No property or accommodation implications have been identified.

10.0 Communication Considerations

10.1 No separate communication strategy or campaign is required in connection with the proposed award.

10.2 Any operational communications required to maintain payment services or implement the Contract will be managed through the relevant service and contract management arrangements.

Related document(s) for reference:

Decision - Approval to waive Contract Standing Orders to permit procurement of Merchant Acquiring through a Direct Award (Non Key Individual Cabinet Member Decision)

Report sign off:

Rav Jassar
Deputy Director Corporate & Financial Planning