



**Cabinet**  
23 February 2015

**Report from the Chief Finance Officer**

For Action

Wards Affected:  
ALL

**Authority to tender a contract for pre-paid Card Services**

**1. Summary**

- 1.1. This report concerns the procurement of pre-paid financial services for clients (principally adult care clients and carers of children) who are allocated personal care budgets, in order to allow them more independence in the management of their financial affairs. This report requests approval, as required by Contract Standing Orders 88 and 89 to invite tenders for the renewal of this contract from 1<sup>st</sup> October 2015.

**2. Recommendations**

- 2.1. That Cabinet gives approval to invite tenders for the provision of pre-paid financial services on the basis of the pre - tender considerations set out in paragraph 3.3. of the report.
- 2.2 That Cabinet gives approval to officers to evaluate the tenders referred to in paragraph 2.1 above on the basis of the evaluation criteria set out in paragraph 3.3. (vi) of the report.

**3. DETAIL**

**Purpose**

- 3.1 The purpose of this report is to seek approval to invite tenders for the provision of a three year contract for the provision of prepaid card services to the council from the 1st October 2015. This follows expiry of the current contract (with Pre Paid Financial Services) on 30<sup>th</sup> September 2015. The current tender was due to end on February 28<sup>th</sup> 2015, with an option to extend for up to a further two years. However given the current value of the contract it is now considered appropriate to go out to the market to see if better value can be achieved. Therefore the contract has been extended for seven months

to 30<sup>th</sup> September 2015, to allow time for an effective tendering exercise to be carried out.

- 3.2. The contract involves the provision of pre-paid cards for use by clients to enable them to manage their affairs more effectively and to give them more independence. Each client is given a card with an amount loaded on to it, which the client can then use to purchase services agreed as part of their care plan. The amount on the card cannot be exceeded, and use of the cards is monitored. Records of transactions are automatically maintained and updated by the software system, making it much easier for Council staff and clients to monitor. As well as adult care and child care clients, cards are also used for payments of Welfare Loans, corporate staff cards (for essential expenses such as emergency expenditure in relation to clients) and for purchase of season tickets (for staff taking out a season ticket loan). Use of the cards for these purposes avoids security issues and additional costs and time relating to using cash, and because transactions can be closely monitored, helps prevent fraudulent expenditure .
- 3.3. In accordance with Contract Standing Orders 88 and 89, considerations have been set out below for the approval of Cabinet.
- 3.3.1. Officers are proposing to conduct a further competition exercise under the Framework Agreement for Pre Paid Accounts and Associated Services established by Surrey County Council (“the Framework”). This Framework was tendered in 2014, and the framework contracts are currently being finalised with the successful suppliers. The scope of the Framework meets the requirements of Brent (a detailed specification for Brent will need to be drawn up). There are four approved suppliers under this Framework, including Brent’s current supplier.
- 3.3.2. The suppliers were appointed to the Framework on the basis of quality and price.
- 3.3.3. Given that the Framework covers Brent’s requirements for these services, use of the Framework will enable a faster procurement process, and will save considerable officer resources, as the suppliers have already been prequalified under the Framework. There is no charge to the Council for using the Framework.

<b>Ref.</b>	<b>Requirement</b>	<b>Response</b>
(i)	The nature of the service.	Provision of services relating to pre-paid cards.
(ii)	The estimated value.	£75,000 per annum
(iii)	The contract term.	An initial term of three (3) years from October 1 <sup>st</sup> 2015, with an option to extend for up to a further (1) year
(iv)	The tender procedure to be	Further mini competition exercise from the Surrey County Council Framework

Ref.	Requirement	Response	
	adopted.		
v)	The procurement timetable.	<b>Indicative dates are:</b>	
		Invite to tender	10 <sup>th</sup> April 2015
		Deadline for tender submissions	20th May 2015
		Panel evaluation and shortlist for interview	3rd June 2015
		Interviews and contract decision	8th June 2015
		Report recommending Contract award circulated internally for comment	15th June 2015
		Cabinet approval	July 2015
		Cabinet call in period of 5 days	July 2015
		Contract Mobilisation	4 <sup>th</sup> August 2015
		Contract start date	October 1 <sup>st</sup> 2015
(vi)	The evaluation criteria and process.	<p>At tender evaluation stage, the panel will evaluate the tenders against the following criteria: Price 40% , Quality 60%, (as per the Framework) with quality criteria to include</p> <p>Operational issues and ease of use Customer support Security issues Flexibility</p>	
(vii)	Any business risks associated with entering the contract.	The main risk in entering a new contract for this solution is business disruption during the service transition to a new supplier. This risk will be mitigated through the planning, setting up a dedicated project team, effective communication and training of all clients impacted by these changes	
(viii)	The Council's	The council has a duty to make arrangements to	

<b>Ref.</b>	<b>Requirement</b>	<b>Response</b>
	Best Value duties.	secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This procurement will assist the council in fulfilling these duties.
(ix)	Consideration of Public Services (Social Value) Act 2012	Not applicable
(x)	Any staffing implications, including TUPE and pensions.	See section 7.1. below.
(xi)	The relevant financial, legal and other considerations.	See sections 4 and 5 below.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 The estimated value of this service is £225,000 over a three year period, or £300,000 if the contract is extended to four years.
- 4.2 It is anticipated that the cost of this contract will be funded from the existing budget for this service. It is expected that the contract price will be no higher than for the existing contract.
- 4.3 The value for the seven month extension period is approximately £45,000.

#### **5. LEGAL IMPLICATIONS**

- 5.1. The estimated value for the proposed pre-paid card services are higher than the EU threshold for Services and the nature of the service means that it falls within Part A of Schedule 3 of the Public Contract Regulations 2006 (as amended) ("the EU Regulations"). The tendering of the service is therefore governed in full by the EU Regulations. As the estimated value of the proposed service contract, over a four (4) year period is likely to be in excess of £250k, the procurement and award of the contract is subject to the Council's own Contract Standing Orders and Financial Regulations.
- 5.2 However, Officers have identified a newly established Framework Agreement set up by another local authority offering similar services to which the Council intends to procure. Ordinarily, prior approval is not required of Members where Officers intend to undertake a competitive mini competition exercise from an EU compliant Framework; subsequent award of a call-off contract, however, if a High Value Contract would require prior Cabinet approval. In any event Officers will need to ensure that they forward all relevant documentation

relating to the Framework, to the Council's Legal Services department prior to undertaking any mini competition, so as to ensure that the council is entitled to call-off services and does so in accordance with the rules governing further competition under the Framework, in addition to give assurance that the Framework was set up in accordance with EU Regulations.

5.3 Although, the proposed service is subject to the full application of the EU Regulations, provided the Framework was procured in accordance with those regulations and a 10 day mandatory standstill period was observed prior to appointment of the suppliers, Officers need not observe a standstill period for any subsequent call-offs under the Framework, should Members be minded to approve the pre-tender considerations within the body of this report.

5.4 Subject to the recommendations of this report, once the tendering process is undertaken, Officers will report back to Cabinet in accordance with Contract Standing Orders, explaining the process undertaken in tendering the contract and recommending award.

## **6. DIVERSITY IMPLICATIONS**

6.1. The proposals in this report have been subject to screening and officers believe that there are no diversity implications arising from it.

## **7. STAFFING IMPLICATIONS**

7.1. None arising directly from this report.

## **8. Public Services (Social Value) Act 2012**

8.1 Since 31st January 2013, the council, in common with all public authorities subject to the EU Regulations, has been under duty pursuant to the Public Services (Social Value) Act 2012 to consider how the services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the council might act with a view to securing that improvement and whether the council should undertake consultation. This duty applies to the procurement of the proposed contract as Services over the threshold for application of the EU Regulations are subject to the requirements of the Public Services (Social Value) Act 2012.

8.2 Given the nature of the services being delivered under the contract and the limited market for the delivery of these services, Officers have concluded that it is not appropriate to undertake any consultation and that the only measures appropriate to meeting the requirements of the Public Services (Social Value) Act 2012 are to operate the Council's usual procurement processes.

## **9. BACKGROUND INFORMATION**

None applicable

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