**POLICY AND RESOURCES COMMITTEE – 4 SEPTEMBER 2017**

**PART I DELEGATED**

**9. EXEMPTION FROM PROCUREMENT PROCEDURE RULES**

(DoF)

1. **Summary**

1.1 To advise Members that an exemption to the Procurement process was approved by the Director of Finance and the Head of Finance under the Limited Market exemption and the Exceptional Circumstances exemption as permitted by the Council’s Constitution.

2. **Details**

2.1 An exemption to the Contract Procedure rules can be approved jointly by a Head of Service and the Chief Executive or a Director. Once approved, a report to the Policy & Resources Committee must detail the actions taken. This report is for information only to comply with the requirements of the Constitution.

2.2 The exemption was given for the Income Management system which incorporates merchant services contract. This covers income management (AIM), counter receipting (ACR), Chip and Pin, card payments (Pay.Net), online payments and automated payment lines. Merchant services are the handling and commission of debit/credit card transactions.

2.3 The contract has been extended to Capita for a period of 5 years. The contract is with Three Rivers and covers both Watford BC and Three Rivers DC.

3. **Options/Reasons for Recommendation**

3.1 There are only a limited number of companies that undertake these systems/services for local authorities within a shared service.

3.2 Following negotiation, Capita offered a preferential rate giving savings of £10k a year. Bench marking showed that savings above this could not be achieved.

3.3 AIM replaced the Council’s systems Radius Icon (WBC) and Remit (TRDC) in 2010. It took a team of 8 council officers much of their time for over a year to complete.

3.4 We have just upgraded the systems to the latest versions at a cost of £40,000 + (including hardware/excluding staff time). It took 6 months to complete and involved many staff.

3.5 As we approach the Advanced (E-financials) upgrade we don’t have the capacity to procure and implement a new Income Management system. This is because Finance resource should be used to upgrade the core finance system and develop/implement the use of the tools provided by the Advanced for interfaces, raising suppliers, budget monitoring and reporting.

4. **Policy/Budget Reference and Implications**

4.1 The recommendations in this report are set out in Part 4 of the Council’s Constitution.

5. **Financial Implications**

5.1 Income Systems:

Maintenance for systems is £11,844.00 per year. (£5922.00 per authority)

Licences for systems cost £11,000.00 per year. (£5,500 per authority)

Merchant services (card handling charges):

The rates for each card type have been renegotiated giving us annual **savings**  of £10,326.06.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Old scheme | New scheme | annual |
| TRDC | £59,868.26 | £54,067.77 | £5,800.49 |
| WBC | £54,143.90 | £49,618.33 | £4,525.57 |
| Totals | £114,012.16 | £103,686.10 | **£10,326.06** |

Bench marking with ‘Focus on Banking’ showed that savings above this could not be achieved.

6 **Recommendation**

6.1 That the Policy and Resources Committee note the action taken.

Report prepared by: Colin South, Senior Finance Officer.