

Recommendation to Award the Corporate Bar Code Contract and Seeking the Concurrence of the PFH for Corporate Finance and Governance

Bar code payments service

In 2017, the Council entered into a contract with Allpay Limited to provide the bar code payments service, which allows the Council's customers to pay bills for monies owed to the Council at Post Offices and PayPoint outlets. The contract expires on 30 June 2021. Allpay charge for each transaction, plus there are monthly charges for use of their Webconnect service which allows the Council to download the files with details of the payments made and there are also charges for bounced cheques.

The original contract was procured under a call off framework contract through Procurement for Housing. There is now an updated framework and for the service we require, covering both the Post Office and PayPoint, the only suppliers on the framework are Allpay (ranked first) and Capita (ranked second). However, Capita will not allow the Council to keep its International Identification Number (IIN), which forms part of the bar code, instead we would have to use a Capita IIN. This would require additional work and testing for the printing of the bar codes on all the different bills the Council issues, plus it would tie the Council in to continuing to use Capita. Therefore, as only Allpay provide the service the Council requires, including using the Council's own IIN, prices were obtained from Allpay. The current service is operating smoothly using Allpay.

The table below compares the prices paid to Allpay at present and the proposed pricing from 1 July 2021 under a new contract with them.

Item	Current price	New price
Post Office payment	£0.4912 per transaction	£0.4912 – no change
PayPoint payment	£0.441 per transaction	£0.4701 per transaction (6.6% increase)
Webconnect fee	£46 for fund 01 and £10 per additional fund per month (8 additional funds), total monthly charge £126.00	£48.82 for fund 01 and £10.60 per additional fund, total monthly charge £133.62 (6% increase)
Fee for a bounced cheque	£4.20 per occurrence	£4.20 per occurrence – no change

Use of the bar code payment service declined in 2019/20 compared to 2018/19. There has been a further decline in usage in 2020/21, but how much of that is Covid related is not clear. Using estimated transaction volumes, the overall increase in cost is estimated to be approx. £1,120 a year or an increase of 2.81% as summarised below:

Description	No. of transactions	Old pricing	New pricing
Post Office transactions	46,073	£22,631.06	£22,631.06
PayPoint transactions	35,258	£15,548.77	£16,574.80
12 months Webconnect	12	£1,512.00	£1,603.44
Bounced cheques	19	£79.80	£79.80
Total		£39,771.63	£40,889.10
Increase in cost			£1,117.47

Allpay do reserve the right to review pricing after two years. It is estimated that a two year contract will cost in the region of £81,800 and four years (if we opted to extend) would cost £163,600.00.

The above costs can be met from within the existing budget.

There are only very limited suppliers of the services required so it is unlikely that there would be any benefit from undertaking an independent procurement exercise outside of the existing framework.

Summary of Outcome and Proposed Way Forward

It is proposed to enter into a new two year contract, with the option to extend for a further two years, with Allpay Limited at an estimated annual cost of £40,900.

(The option to extend for 2 years would be subject to a separate decision nearer the time)

If you concur with the award of the contract to Allpay Limited, please sign below.

Recommended

Richard Barrett

3.6.2021

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Assistant Director Finance and IT

Date

Concurrence

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Corporate Finance and Governance Portfolio Holder Date