

**8 March 2023**

<b>Report of</b>	<b>Corporate &amp; Improvement</b>	<b>Author</b>	<b>Sam Preston</b>
<b>Title</b>	<b>Procurement - Direct Award Contracts for Merchant Services &amp; Water Supply</b>		
<b>Wards affected</b>	Not applicable		

## 1. Executive Summary

- 1.1 The Council uses Merchant Services to process card payment transactions. The proposal is to award a contract through framework agreement to Lloyds Cardnet. The procurement of a new merchant services provider will generate financial savings of around £40,000 per year.
- 1.2 Currently there is no contract in place for the water supply used by Council buildings. The proposal is to award a contract through framework agreement to Anglian Water (Wave). The contract will generate financial savings of around £6,000 per year, as well as the free installation of water meters to all sites.

## 2. Recommended Decision

- 2.1 To direct award a 4-year contract (with option to extend) under the TPA-01 Banking and Finance Framework Agreement - Lot Number 2 – Merchant Services to Lloyds Bank Cardnet.
- 2.2 To direct award a 4-year contract under the NEPO311 Framework Agreement for the provision of Water Retail Services to Anglian Water (Wave).

## 3. Reason for Recommended Decision

- 3.1 Switching merchant services will provide the Council with lower transactional fees when processing card payments.
- 3.2 Entering into a contract for the Council's water supply would provide a small annual saving on cost, as well as the free installation of water meters on all sites.

## 4. Alternative Options

- 4.1 To remain with the current merchant services provider.
- 4.2 To not enter into a contract for the Council's water supply.

## **5. Background Information**

### **Merchant Services**

- 5.1 Lloyds Cardnet offer preferential transaction fees under the proposed agreement, which also includes a managed service to ensure the fees remain inline with the agreement throughout the contract term. As part of the agreement, the switching of supplier will be fully managed by a third party, CPRAS at a one off cost of £3,500. Lloyds Cardnet have agreed to reimburse the cost of this.

A benchmarking exercise has been completed which compares our current transaction fees against the Lloyds Cardnet fees. Under the proposed agreement there would be additional charged imposed by our payments system provider which range between 10p and 16p per transaction. In addition, there is a framework management fee of £11,510. With the additional costs added, even at the highest charge of 16p per transaction, the Council should save just under £40,000 annually.

Furthermore, should the Council switch payment system provider at any stage, the 10-16p additional transaction fee would end and additional savings could be made.

### **Water Supply**

- 5.2 We currently utilise Anglian Water (Wave) for the supply of water and are on the standard tariff. There is no contract in place and our current annual expenditure is approximately £208k per annum.

Working with our Energy Bureau we have identified an existing framework that we could utilise, which is the NEPO311 Framework Agreement for the provision of Water Retail Services.

The joining this framework would ensure that the Council has a compliant contract and therefore not contravening procurement rules.

The contract would use the same provider (Anglian Water – Wave), meaning we would not have any issues with changing supplier and the problems that can then occur concerning billing or metering.

As part of the contract (although billed separately) but at no additional cost compared to our current tariff, we would have smart meters installed on all locations, for all existing meters, which would improve billing and help identify leaks etc.

Automated meters will provide the data that will enable building managers to quickly identify leaks and better understand patterns of consumption. This information can then be used to explore innovative ways of managing demand and reducing consumption.

We would see a reduction in cost (approx. 1%, which equates to £8k per annum). However, under the terms of the contract with Axiom, we would share the savings, with 22.5% payable to Axiom, resulting in an actual saving to the council of approximately £6k per annum.

## **6. Standard References**

- 6.1 There are no particular references to the Equality, Diversity and Human Rights, Strategic Plan; consultation or publicity considerations or financial; community safety; health and safety or risk management implications.

## **7. Financial implications**

### **Merchant Services**

- 7.1 The Council currently pays around £190,000/year on merchant services, although this will fluctuate depending on use. Switching provider will generate savings of approximately £40,000 annually.

### **Water Supply**

- 7.2 The Council currently pays around £208,000/year on water supply, although this will fluctuate depending on usage. Entering into the contract will save approximately £6,000/year.

## **8. Risk Management Implications**

### **Merchant Services**

- 8.1 As part of the switch in provider, we would have a fully managed agreement with CPRAS monitoring transaction charges to ensure they remain in line with the agreement. This offers assurance going forward and protects the Council from future increases.

### **Water Supply**

- 8.2 Entering into a contract will meet procurement and audit requirements.

## **9. Environmental and Sustainability Implications**

- 9.1 In England and Wales around 20% of the water put into the public supply is lost through leakage. The use of smart meters allows for building operators to quickly identify and repair leaks as they occur, helping to manage this critical resource.

Reducing leakage rates helps to reduce demand for water extraction thus helping to ameliorate the impact on groundwater and river flows as well as reducing the CO<sub>2</sub>e emissions associated with extraction.