

REPORT TO: POLICY & RESOURCES COMMITTEE – 26 OCTOBER 2015

REPORT ON: PROVISION OF MERCHANT SERVICES - TENDER REPORT

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 396-2015

1 PURPOSE OF REPORT

To seek Committee approval for the acceptance of the recommended tender for provision of merchant services.

2 RECOMMENDATIONS

The Committee is recommended to approve acceptance of the tender from Worldpay

3 FINANCIAL IMPLICATIONS

The recommended tender leads to an estimated cost of £109,395.38 to Dundee City Council in a full financial year. This presents a saving of £35,699.64 on current estimated annual charges following the introduction of interchange pricing from card acquirers Mastercard and Visa.

The change to merchant service pricing following the introduction of interchange in March 2015 has caused significant, uncontrollable cost pressures on existing revenues budgets. The reduction in costs achieved as a result of this tender will assist in alleviating these pressures.

The new transaction pricing model introduces charges on debit card transactions being priced at percentage of transaction value as opposed to the previous fixed fee model.

4 BACKGROUND

Merchant Services have previously formed part of the Banking Tender. Merchant services are now tendered independently as they are largely different services.

Tenders were evaluated by a panel on price and a range of quality criteria. Tender submissions were scored to assess how effectively they met the Council's quality requirements, needs and challenges and price. Worldpay delivered the best understanding of the Council needs, achieving the highest score with regard to meeting the overall quality criteria. They demonstrated clear pricing with transparent efficiency savings and a product fit for purpose in relation to the Council's large volume, multi-site operations.

A summary of the tender scoring matrix is shown below:

Bank	Price Score	Quality Score (un-weighted)	Quality Score	Total
Lloyds Group	70.0	42	15.3	85.3
Worldpay	64.3	84	30.0	94.3

5 CONCLUSION

The tender submission by Worldpay gives the most advantageous outcome for the Council. Given its ability to meet the quality criteria benefitting from continuity of service, it is considered that the new contract should be awarded to them as it offers improved service delivery and better flexibility in relation to processing and fund settlement which best fits the Councils business model as well as enhanced management reporting to assist strategic decision making.

6 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

7 CONSULTATION

The Chief Executive and Head of Democratic and Legal Services have been consulted on this report.

8 BACKGROUND PAPERS

None

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EXECUTIVE DIRECTOR OF CORPORATE SERVICES
28 SEPTEMBER 2015