



To: Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart
Report by: Julia Hovells, Business Manager
Relevant scrutiny committee: Housing Management Board 19/6/2012
Wards affected: All Wards

**Re-procurement of third party Housing Cash Collection Service for rent and service charges
Not a Key Decision**

1. Executive Summary

1.1 In preparation for the end of an existing contract, permission is sought to enter into a competitive process, awarding a contract to secure a supplier for the continued provision of a housing rent and service charge collection service from 25th January 2013.

2. Recommendations

The Executive Councillor is recommended:

2.1 To delegate authority to the Director of Customer & Community Services to determine the most appropriate procurement route, to invite competitive tenders (or undertake a mini competition from an existing framework) in accordance with the Council's Contract Procedure Rules and thereafter to award a three-year contract (with a one plus one year extension at the Council's option) for the provision of an external cash collection service for payment of rent and service charges.

3. Background

3.1 For many years tenants, and more recently leaseholders, have been afforded the opportunity to make rent and service charge payments in various outlets in the tenants and leaseholders' local area. The service has allowed payments to be made in a variety of locations, including post offices, shops and petrol stations.

3.2 To avoid the need to have a contractual relationship with each outlet, the cash collection service is managed and administered on behalf of

the Council by a third party. The third party supplier make a charge per transaction administered, while also earning interest on the monies collected on behalf of the Council for a specified number of days before transferring the funds directly into our bank account.

- 3.3 The current provider supplies a unique swipe card to each customer, with a charge for the production and posting of the card at the start of every tenancy, or by officer request for a leaseholder. This card is also used to identify the correct account when payments are made at the Council's cash offices.
- 3.4 This service, alongside the ability for payment to be made to the Council by direct debit, at the Councils' cash offices, by telephone and on-line via the Council's web site, ensures choice and convenience for both tenants and leaseholders, with approximately 1,900 transactions via this method per month.
- 3.5 The existing contract, with AllPay.net, which also allows payment to be made by telephone, on-line or by text should we so choose, is due to expire on 24th January 2013, following a single year extension of an initial three-year contract effective from 25th January 2009.
- 3.6 The existing contract price is variable, with costs dependent upon transactional activity. However, assuming both transaction volumes and interest rates in line with those experienced in 2011/12 the estimated total contract value over a five-year term (three, plus one, plus one) is £75,000.
- 3.7 The table below details the activity in relation to the contract for the financial year 2011/12.

Service	No. of outlet transactions	No. / Value of other transactions	Other Chargeable Services
Post Office	17,493		
Pay Point	4,893		
Debit Cards		375	
Credit Cards		£5,365.80	
Returned Cheques			3
Returned Letters			33
New Cards			867
Replacement Cards			499
Total	22,386		

NB: Credit cards are charged on a percentage basis of the amount processed rather than by the number of transactions taken.

4. Implications

(a) Financial Implications

- 4.1 Budgetary provision of approximately £18,000 per annum exists in the Housing Revenue Account to meet the costs of the existing or any future cash collection contract.
- 4.2 The value of a three-year contract, with an option to extend for up to two further years, is estimated to be in the region of £75,000. This comprises both the anticipated transactional costs of £72,000, which will be funded from the budget identified in paragraph 4.1 and the opportunity cost of the loss of interest incurred by the supplier holding our payments for a specified number of working days after receipt of cleared funds, estimated to be in the region of £3,000 across the five year period.

(b) Staffing Implications

There are no direct staffing implications for the Council in relation to this contract. Confirmation will however be sought from the incumbent supplier that TUPE will not apply for any staff employed by them in relation to this contract.

(c) Equal Opportunities Implications

An EQIA will be undertaken as part of the contract tender process, with details made available upon request.

(d) Environmental Implications

There are no direct environmental implications associated with this report.

(e) Consultation

No specific consultation has been undertaken in relation to the re-procurement of this contract. However, a tenant or leaseholder representative will be invited to form part of the project team for the tender and selection process.

(f) Community Safety

There are no direct community safety implications associated with this report.

5. Background Papers

(a) These background papers were used in the preparation of this report:

- 2011/12 Budget and Outturn Reports
- 2011/12 Transaction Analysis from AllPay.net

6. Appendices

(a) None

7. Inspection of Papers

To inspect the background papers or if you have a query on the report please contact:

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