



## Portfolio Holder Report

The portfolio holder will make a decision on this item after seven days have elapsed (including the date of publication).

Report of:	Portfolio Holder	Date of publication
Mark Billington, Service Director People and Places	Cllr Alan Vincent, Resources Portfolio Holder	14 December 2017

### Procurement of an annual direct debit facility

#### 1. Purpose of report

- 1.1 To seek approval to procure the services of an external organisation to collect subscriptions by direct debit (DD) on behalf of the council.

#### 2. Outcomes

- 2.1 To provide a facility to allow subscribers to pay their annual green waste subscription by DD.
- 2.2 To provide a facility that allows subscribers to other council services the facility to pay their subscription by annual DD, should the council determine that it is appropriate to offer such a facility.
- 2.3 To implement #DigitalWyre, our digital strategy to facilitate digital transformation of services.
- 2.4 To deliver cost effective, quality services.

#### 3. Recommendation/s

- 3.1 That approval is given to proceed with the engagement of Gocardless.com under the exemption to Contract Procedures contained within the Financial Regulations and Financial Procedure Rules on the grounds that exceptions may apply where "goods, works or services are of a specialised nature carried out by only one or a limited number of firms with no reasonably satisfactory alternatives available".

## **4. Background**

- 4.1** From 01 May 2016, the council started charging for the collection of green waste, with subscribers to the service being required to register and pay an annual subscription.
- 4.2** To pay for the service, subscribers can currently either go online and pay through the council website or telephone the council, apply by post, or visit the council offices in person.
- 4.3** In 2016/17 over 21,000 households signed up for the chargeable green waste collection service, generating nearly £700,000 in subscription fees with numbers increasing slightly in the current year.
- 4.4** Since the commencement of the service there have been numerous requests for a subscription by DD facility. As over 70% of council tax payers in Wyre pay their council tax bills by DD, there is evidence to suggest that if the council were to provide such a facility then there would be a substantial take-up. The transfer of subscribers to DD is likely to be achieved over a period of time as residents become more accustomed to paying the annual charge.

## **5. Key issues and proposals**

- 5.1** Consideration has been given as to whether or not it would be more beneficial to the council to provide a green waste DD facility using internal resources or via an external contractor. Comparing the charges that would be incurred using the preferred external contractor against those that it is envisaged would arise in undertaking this function 'in-house', it is considered that it would be less costly to use an external contractor.
- 5.2** There are only a very small number of external providers of such a service. Discussions have been undertaken with three potential contractors. Of the three companies, only Gocardless.com, is able to provide the council with the required service in full. Gocardless.com already provide the same service to a number of other councils, and a Freedom of Information Act request sent to around 20 LA's who provide a chargeable green waste service has not revealed any viable alternative providers.
- 5.3** It is proposed that the council offers residents a facility which allows them to pay their green waste subscriptions by DD on an annual basis, with collection of the annual payment being made around the first week in April each year. Given the relatively low cost of the green waste subscription it is uneconomical to collect DD payments on a monthly basis.
- 5.4** New subscribers to the green waste service would be able to "sign-up" to pay their subscription for the forthcoming year (01 May – 30 April) by DD up until around 26 March. After that date new subscribers would need to pay the subscription for the forthcoming year by another method, but could complete a DD mandate for future payments.

**5.5** Once DD payments have been collected, Gocardless.com will provide the council with a spreadsheet detailing the names and addresses of all DD subscribers. This will enable the Contact Centre to send subscribers paying by DD the relevant labels for their bins and enter their details into the BARTEC software system. This will ensure that the green waste collection crews are aware that they have to collect the bin from the subscriber's address.

**5.6** Gocardless.com will notify the council of those subscribers whose DD payments have failed. They will then have to pay by an alternative method or their subscription will be cancelled.

**5.7** The costs associated with the provision of an annual subscription by DD facility are split with a monthly standing charge of £200 (£2,400 per year), plus a 'per transaction' charge on a sliding scale dependent on the volume of transactions:

- 0-999 transactions per month = £0.60 per transaction
- 1,000-4,999 = £0.50 per transaction
- 5,000-9,999 = £0.30 per transaction
- 10,000-24,999 = £0.20 per transaction
- 25,000-49,999 = £0.15 per transaction

This means that if 8,000 green waste subscribers choose to pay their subscription by DD the cost to the council would be £4,800, consisting of a £2,400 (£200 x 12 months) standing charge, plus transaction charges of 8,000 x £0.30 = £2,400.

**5.8** Gocardless.com will provide the relevant e-forms/DD mandates customised to meet council requirements and notify the council on an ongoing basis as changes, e.g. cancellations, are made to existing mandates.

**5.9** The Gocardless.com service can also be utilised to collect other subscriptions by DD in respect of any services that the council may find it appropriate to charge for in the future.

## **6. Delegated functions**

**6.1** The matters referred to in this report are considered under the following Executive Function delegated to the Resources Portfolio Holder (as set out in Part 3.03 of the Council's Constitution): "To consider departures from Rules relating to financial and contractual matters if appropriate".

<b>Financial and legal implications</b>	
Finance	The estimated cost of the direct debit facility (£4,800) will be met from increased income generated by the green waste subscription service.
Legal	A contract for services would be entered into with Gocardless.com.

### **Other risks/implications: checklist**

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

<b>risks/implications</b>	<b>✓ / x</b>
community safety	<b>x</b>
equality and diversity	<b>x</b>
sustainability	<b>x</b>
health and safety	<b>x</b>

<b>risks/implications</b>	<b>✓ / x</b>
asset management	<b>x</b>
climate change	<b>x</b>
data protection	<b>✓</b>

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<b>List of background papers:</b>		
name of document	date	where available for inspection
None		

### **List of appendices**

None

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