

NORTH LANARKSHIRE COUNCIL

REPORT

To: EDUCATION COMMITTEE		Subject: CONTRACT FOR APPROVAL - CONTRACT FOR CASHLESS CATERING PAYMENT SOLUTION MAINTENANCE
From: HEAD OF RESOURCE SOLUTIONS		
Date: 19 January 2017	Ref: JMcK/AH/JB	

1. Introduction

1.1 The purpose of this report is to seek Committee approval to enter into a Contract for Cashless Catering Payment Solution Maintenance.

2. Background

2.1 In 2011 a contract was awarded to CRB Solutions Ltd (now known as Cunningham Cash Registers Ltd T/A CRB Cunninghams ("CRB Cunninghams") following competitive tendering by Facility Support Services. This instigated the installation of a cashless payment solution to schools across North Lanarkshire. The cashless payment solution allows school pupils to top up payment cards with cash at specific payment machines within the school or at home via a secure payment website, with cards then being used at school cafeterias for the purchase of school meals, snacks etc. This was a rolling agreement that is automatically renewed by CRB annually until either party serve notice that it is no longer required.

2.2 By accepting payment cards only within school cafeterias, a much more efficient service is provided to school pupils by reducing the length and time spent in queues at payment points whilst eradicating the requirement for pupils to bring large amounts of cash to school.

2.3 In order for the cashless payment solution to work, it requires multiple forms of hardware including tills/Electronic Point of Sale (ePos) systems, card readers, a lead computer and a Revaluation Unit which is a device at which pupils can top up their payment cards in school. Software is installed on hardware which allocates each pupil a specific reference that then monitors the amount of cash paid in to the cashless solution and records purchases made. The Software also has face recognition technology that means a pupil cannot use another pupil's card when making a purchase.

2.4 By the end of January 2017 all schools within North Lanarkshire have had the cashless payment solution installed by CRB Cunninghams.

2.5 All new cashless payment solution installations are provided with a one year warranty period from the date of installation, covering repair and replacement of any non deliberate hardware/software issues during that period. On expiry of the warranty period, sites are added to a rolling maintenance contract that was created following the

the installation of initial sites in 2011. This provides for the support and maintenance of the software and hardware

- 2.6 The Contract referred to in this report provides that service for a period of four years commencing on 1st March 2017.

3. Procurement Methodology

- 3.1 Following consideration of the available options, it was agreed that use of the Eastern Shires Purchasing Organisation (“ESPO”) Online Payment and Engagement Solutions & Cashless Catering Systems Framework, lot 2 – Cashless Catering Systems, would be the most appropriate route to award of contract in respect of this requirement.

- 3.2 An Invitation to Quote (ITQ) was issued in accordance with the rules of use of the Framework with a return date of 9th December 2016, via the Public Contracts Scotland portal “Quick Quote” facility.

- 3.3 The return from CRB Cunninghams was complete and answers provided to all questions asked. The price schedule was also completed as requested, however for the elimination of any doubt as to interpretation, a list of clarification questions was sent to CRB Cunningham’s at the end of Dec 2016 for return by 3rd January 2017. These were provided to the full satisfaction of the requirement owner.

- 3.4 Provision in the ITQ allows a total of £300K per annum covering both maintenance of existing equipment and the purchasing of additional hardware. Whilst the maintenance element is a fixed requirement, the acquisition of additional equipment to the limit of affordability is included in this Contract at the sole discretion of the Council.

- 3.5 The total price returned in respect of the maintenance element was higher than anticipated. The ITQ had indicated that the value of the contract was based on £150,000 for ongoing support and maintenance. CRB Cunninghams had also been asked to submit prices for year 1 which would still include some equipment under warranty and then prices for years 2-4. On reviewing the return it was identified that the spreadsheet had not allowed for the supplier to reduce the software prices on the units under warranty and also that the Council had not reduced the hardware schedule as previously discussed.

- 3.6 It was confirmed in clarification that this was due to the prices remaining stable for the full period of the Contract allowing for some equipment still being under warranty in year 1. Following corrections to take account of a reduction in hardware final annual costs for support and maintenance are as follows.

Year 1 - £160,557.97

Year 2 - £170,653.32

Year 3 - £170,653.32

Year 4 - £170,653.32

- 3.7 Overall, the return from CRB Cunninghams including the clarifications meets the requirements of the Council in full.

4. Benefits

4.1 Financial

Whilst slightly in excess of budgetary aspirations, the recommended solution is within the boundaries of affordability and provides budgetary stability for the next four years.

4.2 Council Benefits

Integrates with the existing online payments solution where in the current digital age, parents/carers expect to be able to pay for goods and services in schools online.

4.3 Price Stability

Rates are fixed for the duration of the Contract.

5. Contract Management

5.1 The Council already has ongoing and active contract management arrangements in place and the operation of the Contract including, roles and responsibilities, performance measures, and management information requirements will continue on the same basis.

5.2 In accordance with the Councils agreed contract and supplier management programme, this Contract has been classified as a level 1 arrangement in terms of both risk and spend requiring monthly contract progress meetings and 6 monthly performance reviews.

6. Financial / Personnel / Legal / Equalities Implications

6.1 The cost of the service will be contained within existing revenue and service budgets.

7. Recommendation

7.1 It is recommended that Committee note the terms of the report and approves the award of the Contract to Cunningham Cash Registers Ltd T/A CRB Cunninghams ("CRB Cunninghams) for the period 1st March 2017 to 28th February 2021.



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Local government access to Information Act: for further information about this report please contact James McKinstry on 01236 812269

Appendix 1 – Summary of Tendering and Tender Evaluation Process

Contract	Cashless Catering Payment Solution Maintenance
Period adopted by NLC	Four years from 1 st March 2017
Estimated total Contract value	£1.2M including a fixed cost of £672,517.93 in respect of support and maintenance with the remainder of the annual budget of £300K available for additional hardware at the option of the Council
Governing UK Regulation	Public Contracts (Scotland) Regulations 2015
Procurement Procedure	By ITQ within the referenced Framework
Number of tenders received	1
Number of non compliant tenders	0
Number of compliant tenders	1
Number of recommended suppliers	1