

# KENT COUNTY COUNCIL – PROPOSED RECORD OF DECISION

**DECISION TO BE TAKEN BY:**

Cabinet

**DECISION NO:**

22/00045

**For publication** [Do not include information which is exempt from publication under schedule 12a of the Local Government Act 1972]

**Key decision: YES**

*Key decision criteria. The decision will:*

- a) result in savings or expenditure which is significant having regard to the budget for the service or function (currently defined by the Council as in excess of £1,000,000); or
- b) be significant in terms of its effects on a significant proportion of the community living or working within two or more electoral divisions – which will include those decisions that involve:
  - the adoption or significant amendment of major strategies or frameworks;
  - significant service developments, significant service reductions, or significant changes in the way that services are delivered, whether County-wide or in a particular locality.

**Subject Matter / Title of Decision**

Procurement Of An E-Voucher Distribution Provider

**Decision:**

Cabinet agree to:

- 1) the procurement of an e-voucher distribution service provider via the Crown Commercial Framework RM6255 (Voucher Schemes) to meet the needs of the County Council
2. delegate authority to the Corporate Director of Finance to take necessary actions, including but not limited to, entering into relevant contracts or other legal agreements, as required to implement this decision.

**Reason(s) for decision:****1. Introduction**

- 1.1 The County Council provides a range of support to the residents of Kent who are on low incomes or in financial crisis. This includes financial support to help individuals and families buy essentials, such as white goods, groceries, energy, clothes or basic furniture. On other occasions it is to support a Government initiative, for example distributing supermarket vouchers during school holidays to families whose children ordinarily receive a benefits related free school meal. Through the pandemic period the need for such support has been significantly higher than pre-pandemic, and demand for support continues to be high.
- 1.2 To date, the separate services in the County Council have made their own arrangements for procuring and distributing vouchers to individuals and families, despite the basic requirements being very similar.
- 1.3 It is proposed that the County Council procures a single service provider of e-vouchers, using the Crown Commercial Framework RM6255 (Voucher Schemes) as the procurement route. This framework lists 11 suppliers of e-vouchers. The agreed specification has been compared to the company prospectuses on the framework portal to establish which companies potentially offer a suitable solution and a procurement exercise will be completed in line with the requirements of the framework.

- 1.4 This decision is solely to procure a service provider to enable the County Council to issue e-vouchers to individuals and families. It does not relate to, nor seek funding for, the costs of the vouchers issued by the individual services or any policy decisions in respect of whether these services should provide such support and the criteria for that. Such decisions either have been made by the relevant decision maker utilising the relevant budget or will be presented to the relevant decision maker for deliberation as the need arises.
- 1.5 The timetable for procurement is being driven to ensure that should a decision be made to issue FSM during summer 2022 the Council has a provider in place to implement this. This currently assumes the procurement process is completed with contracts signed by 22 June 2022. Until the procurement process is complete it is not known what mechanism the provider would use to deliver this requirement or the role of schools in this. As summer term ends 27 July 2022 time is needed to communicate any changes, enable the provider to “onboard” schools, and allow schools to take any action necessary.

## 2. Legal Implications

- 2.1 In awarding a contract for the operation of an e-voucher scheme, the County Council is required to comply with the procurement regime which is set out in the Public Contracts Regulation 2015. These Regulations require the County Council to follow certain procedures to demonstrate open and fair competition before entering such contracts for services. Frameworks such as the Crown Commercial Services Framework RM6255 (Voucher Schemes), are one such compliant procedure. In this case the Crown Commercial Service (part of the Cabinet Office) has run a procurement process to pre-procure a selection of companies who are capable of providing this service. By running a "mini-competition" procurement exercise between those pre-procured companies in accordance with the framework's rules, the County Council will fulfil its obligations under the procurement regime.

## 3. Financial Implications

- 3.1 In procurement terms, the expected value of the contract includes both any fees/costs made to the provider for delivering the service, together with the face value of the vouchers provided. Values may vary significantly, for example depending on whether FSM vouchers are or are not provided in holiday periods. Critically, there will be no obligation or requirement to put expenditure through the contract, but it provides the mechanism to do so should the Council need to.
- 3.2 The estimated contract value needs to represent the estimated maximum value that might reasonably be foreseen. This appears significant because of the face value of vouchers is included and accordingly requires a key decision, but it is anticipated the cost of providing the service will, at most, be a very small percentage of this sum. To illustrate this the current arrangements are below:

Service	Solution	Charging base	Face value of vouchers (pa)	Current annual cost of service
KSAS	Pay Point/ Gift vouchers	Face value	£1m	£5k
ICS	Spot purchase	Pay face value of voucher only	£200k	£0
RRS	Spot purchase	Face value	£500k	£5k
FSM	Wonde's e-vouchers.com	Pay face value of voucher only	£10.4m	£0
HAF	Wonde's e-vouchers.com	Price per voucher issued	£0	c £75k

Reconnect (bespoke vouchers)	Wonde's e- vouchers.com	Price per voucher issued	£0	c £20k
<b>Total</b>				<b>£105k</b>

- 3.3 The costs to deliver/administer vouchers to residents currently is contained within the budgets of the services that do so. In many cases much of this is staff time. An e-voucher system will reduce the time some staff spend purchasing and distributing vouchers to residents and will reduce transaction costs. Having a single system with staff in different services able to use it also supports business continuity across the Council.
- 3.4 The procurement of a single service provider is not expected to create a budget pressure for the County Council. It is anticipated any costs associated will be met within existing service budgets. Until the procurement process has been completed and the charging framework of the preferred provider is known it is not possible to set out precisely how this will operate between services. However, it is most likely to be that each service has a budget code with the provider to which the costs of their vouchers is charged, which will cover face value and any unit charge for issuing these. The most significant unknown cost is mobilisation and onboarding.
- 3.5 It is expected that the service provider will be able to agree different payment terms for different aspects of the service provided. For example, if FSM vouchers are provided to families in summer 2022 the cost would be circa £4.8m and any provider is likely to need funds up front or in rapid payment terms, whereas the more general distribution of vouchers is likely to be payment in arrears. The final payment arrangements will be negotiated during the procurement process, and any changes for individual services worked through with them and Corporate Finance.

#### 4. **Equalities implications**

- 4.1 The procurement of an e-voucher provider is an enabling commission. It does not make any policy decision regarding whether vouchers will be provided by the Council or to whom. Neither does the ability to issue an e-voucher determine that this will be the sole route to deliver support to recipients. Services will continue to be able to make alternative arrangements, for those in need who do not have access to digital technology to receive and use an e-voucher, or where there are other concerns that this would not be an appropriate route through which to provide support.

#### 5. **Conclusions**

- 5.1 The collective view of the services that require provide vouchers to families is that an e-voucher solution would improve and streamline their processes. They have agreed a single Council-wide specification, which it is expected could be delivered by a provider. The procurement of a service provider places no obligation on the Council to buy a specific volume of vouchers, but provides a solution to do so should the Council decide it needs to do so. The costs of procuring and implementing the solution is within existing budgets.

#### 6. **Data Protection implications**

- 6.1 A Data Protection Impact Assessment is in place for this decision.

**Cabinet Committee recommendations and other consultation:**

**The Committee consider the decision on (date)**

This decision will be reported to the Policy and Resources committee at its next meeting.

**Any alternatives considered and rejected:**

- 7.1 In October 2020 the County Council decided to provide supermarket vouchers to FSM families. This pre-dated any Government decision to make this support available. On that occasion families needed to apply and we sought to check their eligibility. While this support was delivered in an incredibly tight timescale, the application process meant we reached about 50% of eligible families. In December 2020 a different in-house approach was adopted with schools able to issue vouchers directly and invoice KCC or for KCC to deal directly with the families. This proved to be very time consuming for staff. Since February 2021 a service provider has been used. This has proved extremely efficient both in staff time and financially, with the provider resolving school and parental queries. We have had virtually no complaints utilising this system. The alternative to using a provider to for this aspect of service is to ask schools to purchase and distribute vouchers themselves and invoice the County Council. This would be a retrograde step for this aspect of service delivery.
- 7.2 Other services are clear that their current arrangements could be improved upon by using a third party provider, reducing risk, staff time, and potentially cost.
- 7.3 Other procurement frameworks have been considered. The Crown Commercial Service Framework provides a selection of providers which should ensure the Council's needs can be provided for, in an efficient way. Other frameworks do not contain the range of providers.

**Any interest declared when the decision was taken and any dispensation granted by the Proper Officer: None**

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signed

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date