



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 | 20 September 2018 |

Cash Receipting System Migration Upgrade

1. Purpose of report

- 1.1 To seek approval to migrate the Paris Cash Receipting System to the Civica Payment equivalent to ensure continued support for the cash receipting system and compliance with Payment Card Industry Data Security Standards (PCI DSS).

2. Outcomes

- 2.1 To deliver cost effective, quality services.
- 2.2 To progress the digital transformation of services.

3. Recommendation

- 3.1 That approval is given to proceed with a migration of the council's Cash Receipting System now provided by Civica UK Ltd (Civica) who have recently acquired the Paris system from Northgate and that the acquisition is dealt with under the exemption to Contract Procedures contained within the Financial Regulations and Financial Procedure Rules on the grounds that the goods, works or services constitute an extension or variation of an existing contract.

4. Background

- 4.1 The Paris Cash Receipting System (used to process income e.g. cash, card and internet payments) has been in use at Wyre for over ten years. Owing to the reducing level of support and its limited compliance to security standards as well as a desire to test the market to ensure the council was receiving value for money a project team was assembled in June 2018. The team was tasked with exploring alternative cash receipting systems that would offer an improved service, greater security and value for money.

- 4.2** Until recently the current system was owned and supported by Northgate. Earlier this year, Civica acquired the system and our contract transferred to them formally on 6 August 2018. As part of the transition process, representatives from Civica have been visiting their newly acquired Paris sites to update clients on their current position and plans for the future. Their business model is such that the Paris system is expected to be obsolete within two years and will no longer be developed or supported. The aim of the new provider is to transition all Paris customers across to the Civica Payment System (CivicaPay) by way of a migration upgrade at minimum cost to their fully supported and PCI DSS compliant solution.
- 4.3** Industry rules regarding security i.e. PCI DSS continue to develop and become more onerous each year. Our most recent audit (29 November 2017) identified several areas for improvement and highlighted areas of non-compliance which the upgrade would address. Unlike Paris which has limited accreditation, CivicaPay is accredited to PCI and PADSS (Payment Application – Data Security Standard), ISO 27001, ISO 9001, ISO 23001 and ISO 22301. To ensure compliance with the new General Data Protection Rules (GDPR) and provide a safe and secure payments facility for our customers, continuing to operate the Paris system long-term is no longer a viable option.

5. Key issues and proposals

- 5.1** The Paris Cash Receipting System will no-longer be developed and support is likely to cease within two years. As Civica have bought the Paris system it is in their interests to migrate customers across to their equivalent CivicaPay system (already used by more than 150 local authorities). This is primarily a compliance issue and one that under GDPR has a heightened significance. The proposed migration to CivicaPay provides a cost-effective solution utilising an existing supplier.
- 5.2** Under Civica's proposal, all of the existing Paris functionality will be migrated to CivicaPay at a reduced cost and this is summarised below:
- Chip and Pin
 - Internet Payments
 - Income Management
 - 3rd Party Interfaces
 - Telephone Payments
- 5.3** The initial cost of the core migration is expected to be £68,732 (maximum) which compares to an estimated £155,316 were we to wait until Paris ceased to be supported and then purchase the CivicaPay system without the benefit of discounted rates. Other options have been investigated and this is the most cost effective solution and considerably cheaper than the current alternatives. It is proposed that the Value For Money (VFM) Reserve will fund the implementation costs.

- 5.4** The ongoing annual cost for the core elements is estimated at £18,500. This will be offset by the annual support contract for Paris which is budgeted at £22,440 and will cease on transition to CivicaPay.
- 5.5** As the project team were also tasked with examining improvements to the system (including data protection compliance), increasing automation and adding payment options for customers, additional functionality has also been explored.
- 5.6** Several additional features are proposed to be added to the CivicaPay system and these are as follows:
- Bank reconciliation module to increase automation
 - Adding PayPal as a payment method
 - Recurring Card Payments (RCP) module
 - CivicaPay Mid-Call – essential for PCI compliance
- 5.7** Of the optional additional features, in Phase One of the implementation, only adding PayPal and the Bank Reconciliation module are to be taken forward and funded from the VFM Reserve. The initial cost of these two elements is estimated at £23,100 with ongoing annual costs of £2,070. The remaining options will be explored as part of Phase Two of the implementation with Recurring Card Payments estimated to cost £11,600 with £1,800 ongoing cost. The Mid-Call option price depends on the telephone system in use and as this is being evaluated as part of the ongoing IT Review exact prices are unknown.

The ongoing costs of Phase Two will be offset by the balance of the existing annual support contract for Paris (£3,940 remaining) and the ongoing budget of £5,000 set aside for upgrading Paris to PCI DSS compliance which would no-longer be required. Overall, ongoing costs would be £22,370 (excluding the unknown Mid-Call element) compared to the existing budget provision of £27,440. If the cost of the Mid-Call element exceed the existing budget provision a further review will be undertaken of the IT budgets to identify potential savings to meet any shortfall and a further report would follow.

- 5.8** The above additional features will contribute to reducing staff time spent on spreadsheet reconciliation work, improve the payment options for customers and enhance our debt recovery potential. The Mid-Call element is also essential to protect card payment data provided by our customers and eliminates the need for staff to be privy to this sensitive information.
- 5.9** A Privacy Impact Assessment (PIA) will be undertaken as part of the project implementation and to support compliance with GDPR.

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".

| Financial and legal implications | |
|---|--|
| Finance | <p>The cost of migrating the cash receipting system from Paris to CivicaPay (Phase One only) is estimated at £91,832 in year one with ongoing costs of £20,570.</p> <p>The initial implementation costs will be met from the VFM Reserve with the ongoing annual cost to be met from existing revenue budgets for the superseded Paris system.</p> <p>Phase Two (see Appendix) will encompass the RCP module and Mid-Call function and further savings will be explored in relation to using the additional RCP module and online Direct Debit functionality to replace the current Direct Debit system for Green Waste.</p> <p>The improved system will address the key issues raised in the PCI compliance audit and help safeguard the council against data protection breaches in the future.</p> <p>The procurement would be made using the exemptions to Contract Procedures contained within the Financial Regulations and Financial Procedure Rules on the grounds that the goods, works or services constitute an extension or variation of an existing contract.</p> |
| Legal | <p>The procurement complies with EU procurement requirements and the exemption referred to in the report complies with the council's Financial Regulations and Procedure Rules. The new contract with Civica and the system upgrade will ensure that the council's data security compliance is greatly improved.</p> |

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.

| risks/implications | ✓ / x |
|---------------------------|--------------|
| community safety | x |
| equality and diversity | x |
| sustainability | x |
| health and safety | x |

| risks/implications | ✓ / x |
|---------------------------|--------------|
| asset management | x |
| climate change | x |
| data protection | ✓ |

| | | | |
|-----------------------------------|---------------|--|------------|
| report author | telephone no. | email | date |
| Clare James | 01253 887308 | clare.james@wyre.gov.uk | 13.09.2018 |
| List of background papers: | | | |
| name of document | date | where available for inspection | |
| None | | | |

List of appendices

Appendix 1 – Cost of the upgraded core Cash Receipting System and additional functionality

dems/ph/re/cr/18/0009cj1 v2

Cost of the upgraded core Cash Receiving System and additional functionalityPHASE 1

Core requirements:

| <u>Description</u> | <u>Year 1</u> | <u>Ongoing</u> |
|---|---------------|----------------|
| | £ | £ |
| Initial Software Licence | 11,232 | - |
| 75,000 Transactions p.a. | 5,250 | 5,250 |
| Hosting | 6,000 | 6,000 |
| Maintenance and Support | 5,765 | 5,765 |
| Conversion of existing Paris solution to CivicaPay | 30,000 | - |
| Expenses (£300 per day worst case) | 9,000 | - |
| Multi-Factor Authentication (3x administrators @ £495 ea) | 1,485 | 1,485 |
| Sub-Total for Core requirements | 68,732 | 18,500 |

Additional Elements:

| <u>Description</u> | <u>Year 1</u> | <u>Ongoing</u> |
|---|---------------|----------------|
| | £ | £ |
| Bank Reconciliation | 9,000 | 1,800 |
| Implementation Services | 9,750 | - |
| Expenses (£300 per day worst case) | 3,000 | - |
| Sub-Total for Bank Reconciliation Module | 21,750 | 1,800 |

| | | |
|---------------|--------------|------------|
| Paypal | 1,350 | 270 |
|---------------|--------------|------------|

| | | |
|--------------------------|---------------|---------------|
| PHASE 1 SUB-TOTAL | 91,832 | 20,570 |
|--------------------------|---------------|---------------|

PHASE 2

Additional Elements:

| <u>Description</u> | <u>Year 1</u> | <u>Ongoing</u> |
|------------------------------------|---------------|----------------|
| | £ | £ |
| Recurring Card Payments | 9,000 | 1,800 |
| Implementation Services | 2,000 | - |
| Expenses (£300 per day worst case) | 600 | - |
| Sub-Total for RCP Module | 11,600 | 1,800 |

| | | |
|---------------------|--|--|
| CivicaPay Mid-Call* | | |
|---------------------|--|--|

| | | |
|---------------------|----------------|---------------|
| GRAND TOTAL* | 103,432 | 22,370 |
|---------------------|----------------|---------------|

Current Ongoing Paris Costs:

| <u>Description</u> | <u>Ongoing</u> |
|---|----------------|
| | £ |
| Paris PCIDSS Update | 5,000 |
| Paris Support and Maintenance | 22,440 |
| Annual savings on Paris system no longer required | 27,440 |
| New annual costs for replacement CivicaPay system | 22,370 |
| Increased Cost/Saving (-)* | -5,070 |

Notes

RCP Module may mean that current Direct Debit solution for Green Waste will no-longer be required.

Chip and PIN - current hardware expected to be compatible. If any changes are required then further costs may be incurred.

*CivicaPay Mid-Call - Costs are dependent on the telephone system in place and not yet quantified.