



## Merchant Services, Mass Transit Transactions – Award of Contract

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**Date of meeting** 21 February 2025

**Date of report** 23 January 2025

**Report by Director of Finance & Corporate Support**

### 1. Object of report

To recommend the approval of an award of contract for a Merchant Provider for Mass Transit Transactions.

### 2. Background to report

Members previously approved the award of contract to Scheidt & Bachmann GmbH (S&B) for the provision of contactless payments at Subway entry gates. In order to facilitate this project SPT has had to source a new acquirer for the processing of debit / credit card transactions from the Subway gates through the S&B system to SPT's bank account. The new acquirer was required as SPT's current provider, Lloyds Cardnet, could not interface with Visa Platform Connect (VPC) within the project timelines. VPC is already fully integrated into the S&B system and is their chosen provider for processing all debit and credit card transactions. Lloyds Cardnet will still be responsible for processing all non mass transit credit & debit transactions at the Subway.

### 3. Outline of proposals

An open tendering exercise was carried out for the service with only one bid being received from Elavon Merchant Services. The bid was evaluated for acceptability on a Pass/Fail basis. The technical submission was found to fulfil the requirements and the commercial submission was also found to be acceptable.

The estimated total annual cost of the service is £165k, which is split £97.5k Elavon transaction fees and £67.5k on interchange / scheme fees, which are ultimately paid to the banks / financial institutions. As the contactless payments functionality has still to be launched the fees are based on a best estimate of transactions and annual sales volume by card type so will vary depending on the uptake of the contactless payment offering. S&B have intimated that there will be a reduction in their transaction fees to offset some of the fees in relation to this contract as they had included transactional processing fees within their original bid. In addition SPT will pay less to Lloyds Cardnet as the travelling public move from using the Ticket Vending Machines and Ticket Offices to simply tap and go. Using the same data within the pricing model the annual cost of Cardnet fees negated would be approximately £110k.

It is proposed to award this contract for a period of 5 years with the option to extend for a further 5 year period. The estimate total cost of over the 5 year period is £825k.

#### 4. Committee action

The Committee is recommended to approve the award of the Merchant Services, Mass Transit Transactions contract to Elavon Merchant Services at an estimated cost of £825k for a period of 5 years.

#### 5. Consequences

Policy consequences	<i>Supports the vision and priorities of the Regional Transport Strategy in particular Policy 19 (Ticketing and information).</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>The estimated transaction charges will be contained within current and future budgets.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>A risk register will be maintained as part of the wider contactless project.</i>
Climate Change, Adaptation & Carbon consequences	<i>Anticipated to support shift to sustainable Subway travel with carbon benefits.</i>

**Name** Lesley Aird  
**Title** **Director of Finance & Corporate Support**

**Name** Valerie Davidson  
**Title** **Chief Executive**

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