
COMMITTEE	Finance & Resources	DATE 28/01/2010
CORPORATE DIRECTOR	Stewart Carruth	
TITLE OF REPORT	Accord / sQuidcard Development CG/10/011	

1. PURPOSE OF REPORT

To update Committee on the development of having the sQuidcard electronic cash purse functionality added to the Accord card.

2. RECOMMENDATION(S)

It is recommended that elected members:

- i) Approve adoption of the sQuidcard Ltd electronic cash purse on the Accord Card;
- ii) Approve the expenditure associated with the three year agreement as stated in section 3 below.

3. FINANCIAL IMPLICATIONS

- i. sQuid annual license fee of £5,000.00 per annum for a three year period. The first year of this will be met by the National Entitlement Card Programme Office. The National Entitlement Card Programme Office board is currently considering extending their funding contribution for all 3 years.
- ii. sQuidcard equipment (single terminal, reader and installation) of £460.00 per site, therefore, the cost will vary depending on number of sites at which the equipment is installed. An estimated maximum cost of £7820.00 covers all 14 leisure sites, two cultural sites and a library – however, it is anticipated that not all leisure sites will be included initially.
- iii. Transaction fees of approximately £1500.00 over the initial 3 year period.
- iv. £25,000.00 towards sQuid marketing programme.
- v. As agreed with the Improvement Service, costs associated with the sQuidcard project as stated above will be met from Modernising Government Funds already allocated to the Accord card scheme. Therefore, there is no impact on the Accord operational budget.

4. SERVICE & COMMUNITY IMPACT

The Accord Scheme was developed originally for the need to address social inclusion issues, in particular the removal of any stigma associated with students receiving free school meals. It now provides a means of providing social inclusive access to a wide range of both national and local services. It is also the vehicle to providing citizens' access to the National Entitlement Schemes as promoted by the Scottish Government.

sQuidcard is a pre-paid electronic cash purse service (customers load the card with value before use), not a debit or credit card, and does not require the EMV (MasterCard/Visa/bank scheme) network to transact. Therefore, it is a socially inclusive product as it is free, cardholders do not require a bank account to have a sQuid purse and as it is a prepaid card (as opposed to a credit or debit card) it is not possible to spend more than is held in the E-Purse.

5. OTHER IMPLICATIONS

Legal

In order to carry the sQuidcard product onto the Accord card the Council is required to sign a Reciprocal License Agreement for an initial 3 year period. Also, as sQuidcard will be accepted at Council facilities a Merchant Services agreement must be signed.

Both of these documents have undergone a due diligence review by the Policy & Advice Team of the Office of the City Solicitor and no significant concerns were raised. CRM wish to proceed to introduce Squidcard, subject to committee approval and some minor legal adjustments.

Personnel

None.

6.0 REPORT

6.1 Accord / National Entitlement Card and the sQuidcard product

6.1.1 The long term strategy for the Accord / National Entitlement Card is to provide a variety of valued services to customers via the card. One of the ways in which this can be achieved is through the utilisation of an electronic cash purse providing a convenient way for citizens to pay for small value goods.

6.1.2 The *National Entitlement Card Programme Office has identified a product, sQuidcard, that delivers this functionality and meets the desired criteria for such a scheme, i.e.

- Independent of bank schemes
- Socially inclusive enabling payments across any 'community'
- Allow the National Entitlement Card to maintain the 'public' face
- Adds significant 'value' to the National Entitlement Card
- Tie in with transit initiatives
- Multi-purse capability
- On-line payment facility

**Part of the Improvement Service's Customer First programme responsible for the development of the National Entitlement Card.*

6.1.3 The National Entitlement Card Programme Office has been working in partnership with sQuidcard to incorporate this functionality on the National Entitlement Card. This has now been achieved and the sQuidcard product has been successfully trialed and implemented in Dundee City (now accepted at over 90 sites in this area) and is now available to any local authority who wishes to offer this service.

6.1.4 The sQuidcard product is an electronic cash purse that enables citizens to place money on to their card and spend those funds at participating outlets. These outlets can be both Council premises (e.g. leisure facilities and libraries) and other private retailers. As monies are loaded and spent electronically this reduces the need for retailers and council facilities to take payment by cash, thereby, reducing cash handling issues (e.g. cost).

6.1.5 sQuid offers an alternative to debit and credit card networks for 'tap and go' (i.e. no pin number is required as the card is 'swiped' on the card reader) transactions typically under £10.00. This is primarily aimed at payment for small items such as newspapers, coffee, magazines or snacks and is similar in nature to the Oyster card scheme in London.

6.1.6 The sQuid product is available to all cardholders of all ages offering a fast, convenient and secure alternative to cash payments. It is a socially inclusive product as it is free, cardholders do not require a bank account to have a sQuid purse and as it is a prepaid card (as apposed to a credit or debit card) it is not possible to spend more than is held in the electronic purse.

6.1.7 The sQuid product and supporting infrastructure meets all Financial Services Authority (FSA) regulations for use in this open environment. The FSA is the regulator of all financial providers in the UK and it would have proven difficult for the Accord scheme E-purse currently held on the card to meet these stringent

regulations and operate on-line in an open environment. The sQuid product also offers benefits to retailers of all sizes as it is a quicker method of payment (by using 'tap and go' technology) and has the lowest transaction fees in the prepaid payment industry.

- 6.1.8 As well as being used at retail outlets and Council facilities the functionality of this product offers an opportunity to investigate the integration of other low value local services, e.g. payment of bus fares. This functionality has recently been achieved and implemented in the Greater Manchester area on bus routes in Bolton where the sQuid e-purse can be used.
- 6.1.9 Following meetings with sQuidcard a Reciprocal License Agreement between sQuidcard and Aberdeen City Council has been drafted, undergone a legal due diligence review and it is recommended to committee that this be signed.
- 6.1.10 The adding of an electronic purse to the Accord card for use in the wider community is another step in the development of the card and increases the usefulness and attraction of the card to our citizens.
- 6.1.11 Should this development progress and the Reciprocal License Agreement be signed, the next steps will be to work with sQuidcard to agree an implementation plan for this new service in Aberdeen City. This will involve sQuidcard contacting local retailers to promote the product with a view to the retailer accepting payment via sQuid; council sites being identified where it would be of benefit to take payment via sQuid; marketing and promotion of the product across the city.

7 AUTHORISED SIGNATURE

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9 BACKGROUND PAPERS

None.