

Haringey Council

Report for:	Cabinet 19 th March 2013	Item number	
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Title:	Award of contract for the provision of banking services
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Report authorised by :	<i>James Ball</i> ASST. DIRECTOR - FINANCE for Director of Corporate Resources
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Lead Officer:	Nicola Webb, Head of Finance – Treasury & Pensions nicola.webb@haringey.gov.uk 020 8489 3726
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Ward(s) affected: All	Report for Key Decision
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1. Describe the issue under consideration

- 1.1 This report seeks approval from Cabinet to award a contract for the provision of banking services.

2. Cabinet Member Introduction

- 2.1 In order to comply with EU procurement rules, a competitive tender process has been undertaken for the provision of banking services across the Council. The recommendation in this report will ensure the Council continues to achieve value for money from this service.

3. Recommendation

- 3.1 That Cabinet approve the award of the contract for the provision of banking services to Barclays Bank for a period of five years from 1st July 2013 with an option to extend for periods totalling a maximum of a further five years.



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4. Alternative options considered

4.1 Four banks identified in paragraph 1.1 of the exempt appendix responded to the OJEU advertisement for this tender and they were evaluated before making this recommendation.

5. Background information

5.1 The Council currently banks with the Royal Bank of Scotland and the contract has been running for five years. The contract has been extended but cannot be extended further and so a tender process was required. Due to the cost and disruption caused by a change of bank, a contract for an initial period of five years was tendered for with the option of extending for further periods totalling a maximum of five years.

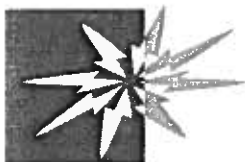
5.2 A one stage open OJEU procedure was employed, due to the limited number of possible respondents. An advertisement was placed in the Official Journal of the European Union (OJEU) inviting banks to submit tenders for the service set out in the Council's specification.

5.3 Focus on Banking, a specialist banking adviser, provided Council officers with advice on drawing up the specification to balance the need to ensure it covered all the services the Council requires with encouraging a wide range of competitive tenders from banks.

5.4 The tendering banks were required to answer a number of qualification questions in order to progress to be considered for the contract. These covered the following areas and were scored as a pass or fail:

- FSA registration with authority to act as a bank in the UK
- Local Authority experience
- Insurance
- Unlawful discrimination
- Environmental legislation
- Equalities Act and related policies

5.5 Four banks responded to the OJEU advertisement inviting tenders for the contract. All the banks passed the qualification questions and therefore were able to progress to the full evaluation stage of the process.



- 5.6 In evaluating the tender responses, 40% of the marks were awarded in respect of the quality of service offered through scoring the answers to a set of questions about various aspects of the service. The remaining 60% were awarded for the total estimated cost of the service over the five year contract period.
- 5.7 The table below details the scores awarded by the evaluation panel made up of the Head of Finance – Treasury & Pensions, the Senior Accountant - Banking and the adviser from Focus on Banking, to each of the tenders received.

Evaluation criteria	Max. score	Bank A	Bank B	Bank C	Bank D
Quality	40%	28.6%	24.2%	30.4%	34.8%
Price	60%	60.0%	43.1%	34.0%	38.5%
TOTAL	100%	88.6%	67.3%	64.4%	73.3%

- 5.8 The quality scores were awarded on the basis of the banks' responses to a series of questions relating to the banks' proposals for providing an efficient and streamlined service in line with the Council's current and future expected needs. This included the basic transactional services the Council requires, as well as how they would deal with issues and enquiries which arise and for a non incumbent bank, how a transition would be handled.
- 5.9 The price was calculated by multiplying the tariff for each different type of transaction by the number of times it occurred in the last 12 months. These were then totalled to get an annual total for each bank. The cost/price per bank over the five year contract period was then calculated taking into account any discounts the banks offered. The lowest price was awarded the maximum score of 60% and for the others the lowest price was divided by the bank's price and multiplied by 60%.

6. Comments of the Chief Financial Officer and Financial Implications

- 6.1 Undertaking a competitive tender process ensures that the Council maintains value for money in the provision of banking services. The five year cost of the current bank contract is £330k and if the recommendation is agreed, a saving of £82k is expected over the initial five years of the new contract.



- 6.2 If members agree the recommendation, then work will commence immediately after the contract standstill period to put in place arrangements for the new contract to start on 1st July 2013. As changing banks is a significant undertaking there are risks that not all systems and services are set up ready for the new arrangements in time for 1st July 2013. In order to manage these risks officers from all services affected will be working to a project plan with clearly defined milestones and assigned responsibilities, alongside an individual nominated by the bank in their tender who has experience of undertaking bank transitions with other local authorities. See further comments in paragraph 2 of the exempt appendix.

7. Head of Legal Services and Legal Implications

- 7.1 This report is recommending the award of a contract for banking services. These are Part A services under the Public Contracts Regulations 2006 (PCR 2006 and subject to the full EU tender regime.
- 7.2 The contract was tendered under the open procedure provided for under Contract Standing Order (CSO) 9.01(a).
- 7.3 The service provider has been recommended for award of the contract on the basis that it submitted the most economically advantageous bid in accordance with CSO 9.07.1(b).
- 7.4 Because the value of the contract exceeds £250,000, the proposed award must be approved by Cabinet in accordance with CSO 9.07.1(d).
- 7.5 As the award is a key decision partly to be considered in a private meeting, notice of the intention to make the decision is required to be given in the Forward Plan. This has been done.
- 7.6 The Head of Legal Services confirms that there are no legal reasons preventing Members approving the recommendation in paragraph 3.1 of this report.

8. Equalities and Community Cohesion Comments

- 8.1 There are no equalities issues arising from this report.



9. Head of Procurement Comments

- 9.1 The estimated value of the contract exceeds the EU threshold therefore the contract had to be advertised on the Official Journal of the European Union using an open tender procedure.
- 9.2 Corporate Procurement has supported the tender process and agrees to the recommendation of the award set out in paragraph 3 and that it is made on the basis that the recommended supplier submitted the most economically advantageous tender.
- 9.3 The recommendation represents best value to the Council in terms of both efficiencies and price. The significant price differential in the successful tenderer's bid has been analysed to ensure that the bid takes into account all the costs of carrying out the contract, including the cost of switching and implementation of the contract, and is sustainable over the term of the contract.
- 9.3 The proposed contract offers the Council the flexibility to extend the contract for up to 5 years if the contract continues to prove that it represents best value to the Council.
- 9.4 The contract will continue to be monitored and managed by Finance.

10. Policy Implications

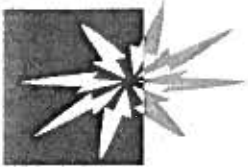
- 10.1 None.

11. Reasons for Decision

- 11.1 The contract for the provision of banking services expires on 30th June 2013 and as this is a service the Council requires, it is necessary to make a decision to award a new contract. Due to the value of the contract, this is required to be a Cabinet decision. The recommendation to award this contract to the selected supplier has been made on the basis they submitted the most economically advantageous tender.

12. Use of Appendices

- 12.1 Contained in Part B for exempt information.



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13 Local Government (Access to Information) Act 1985

13.1 This report contains exempt and non-exempt information. Exempt information is contained in Part B and is not for publication. The information is exempt under the following category (identified in the amended Schedule 12A of the Local Government Act 1972): Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3).