

REPORT TO	DATE OF MEETING
Cabinet	November 7 2012

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Banking Tender 2013/14 to 2017/18	Finance and Resources	G Whitehead	6

SUMMARY AND LINK TO CORPORATE PRIORITIES

- Four tenders have been received for the provision of banking services for the five years commencing 1 April 2013. This report gives the scores for price and quality, and also comments on the issues if the Council were to change bank. It links to the corporate priority of being an effective, efficient and exceptional Council

RECOMMENDATIONS

- That Tender A for the provision of banking services be accepted.

DETAILS AND REASONING

- Governance Committee on 25 April 2012 agreed that the Council should jointly tender with Chorley for banking services for the five year period commencing on 1st April 2013. A scoring matrix was approved which sought to take account of both price and quality issues.
- Tenders were invited in accordance with the council's Contract Procedure Rules by open advert on the North West's e-tendering system "The Chest". Four tenders were received by the deadline of September 14, from HSBC, Lloyds, Barclays and National Westminster. All of these banks meet the rating requirements specified in the Treasury Strategy.
- The Council, with the assistance of its advisor, evaluated the tenders in accordance with the 60% Price and 40% Quality evaluation methodology agreed by Governance Committee and included in the Tender documentation.

The prices, and the scores for price and quality, are summarised as follows:

	Tenders			Score		
	Year 1	Years 2-5	Total	Price (60%)	Quality (40%)	Total
Tender A	9,006	10,131	49,530	60	26	86
Tender B	11,585	20,553	93,797	38	27	65
Tender C	19,179	18,574	*97,580	36	23	59
Tender D	18,178	18,178	90,890	39	26	65

*The total cost for tender C includes provision for inflationary additions in years 3 to 5

- The tender invitation also specified that the estimated cost of moving bank, if appropriate, would be included in the evaluation. Discussions have therefore been held with the Council's Advisor, and other Authorities which have recently changed bank, to identify issues, responsibilities, risks and any costs.

All the tendering banks other than the incumbent bank offer the services of an Implementation Manager to assist in a changeover. This dedicated support, and the information gained from the discussions referred to above, has strengthened the belief that changing bank, though demanding, is less onerous than it might have been in the past.

7. Moving bank issues

The following issues have been considered:

- Bankers Order payments, Direct Debit receipts, Standing Order receipts – changes in bank details are actioned centrally with little demand on authority staff.
- Cheque payments – cheques are printed in house. The only change envisaged is a change in template, provided at minimal cost (£255).
- Web site, Allpay and Giro receipts – will be changed centrally
- Cash Security contracts – cash will simply be taken to a different location
- More administration will be required in respect of businesses and individuals paying the Council by Bankers Order, or via home banking. It will be necessary to notify payers of the change in bank details, either by means of the automated AWACs system provided by BACs, or, failing that, by individual contact.
- There are different methods by which bank data (presented cheques, and receipts) can be downloaded into the Council's systems and processed. Some time will be required to programme the interface. There is also the option to automate the download of data. The lowest tenderer would levy an annual charge of £3,150 for this (this has not been included in the costings).
- Finally it would be necessary to maintain existing bank accounts for a period of three or six months. This would mean on-going charges from the current bank (estimated £2,000).

8. Financial Summary

The current cost of banking is £20,550 p.a. or £102,750 over five years. The lowest tender therefore offers savings of £53,220 (51.8%) over the contract life. If it were necessary to change bank the additional costs identified in paragraph 7 are too small to affect the decision, but there would be additional work for existing staff.

9. Quality issues

On most issues there were no significant differences between the tenderers. The following were the exceptional matters:

- Deposit account facilities – Bank A offer 0.75%, bank B 0.5%, bank C 0.3%, bank D 0.5%
- Stopping cheques via internet banking – only bank D currently offer this facility, but it is planned for bank A within next year.
- Online imaging of vouchers – currently only available at bank C. Planned by Bank A
- All offered a review of business processes as part of the implementation.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

FINANCIAL	Financial issues are covered in the report		
LEGAL	The tendering process has been carried out in accordance with the Council's Contract Procedure Rules. A formal contract will be entered into with the successful tenderer		
RISK	<p>The full risk assessment is available on request. Should the Council's decision result in a change of bank, the main points for consideration are:-</p> <ul style="list-style-type: none"> • Ensuring continuity of payments (to benefit recipients, salaries, suppliers) • Alteration of the Council's bank details on all demands. • Ensuring all debtors are aware of the Council's bank details. • Updating interfaces re bank data downloads 		
THE IMPACT ON EQUALITY	None		
OTHER (see below)			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

Report to Governance Committee 25 April 2012

Delegated decision published 30 July 2012