

Agenda Item No: 9

Report to: Charity Committee

Date of Meeting: 24 March 2014

Report Title: Banking Services Contract

Report By: Peter Grace
Head of Finance

Purpose of Report

To advise the committee of the procurement route for the provision of banking services and to agree delegated authority for the award of the contract.

Recommendation(s)

- 1. That the Foreshore Trust is included within the banking services contract being tendered by the Council in conjunction with the Procurement Hub.**
- 2. To delegate authority to the Director of Corporate Resources or his nominee in consultation with the Chair of the Charity Committee, to award a contract to the supplier that offers the most economically advantageous terms.**

Reasons for Recommendations

The joint procurement route is seen as being the most cost effective way forward in the interests of the Trust. It will save procurement time and allow scope for using the consolidated purchasing power of 5 other local authorities.

Delegated authority is required as the next meeting of the Charity Committee (30 June 2014) is after the indicative contract award date.

Introduction

1. Hastings Borough Council's current banking services contract is with Co-operative bank and expires on 31 March 2015. However, the mobilisation period for banking services, that is the time for a new supplier to take over from the existing one needs to be several months in the case of banking services so that billing information and particularly council tax invoices, have the Council's new bank account details.
2. On 5 November 2013, the Co-operative bank announced that it had decided to withdraw from providing banking services to local authorities.
3. The Foreshore Trust's banking requirements are minimal but it is a statutory requirement that it has its own bank account and arrangements.

Outline of Procurement Process

4. The East Sussex Procurement Hub is working on behalf of Wealden District Council (the lead authority) and other East Sussex District and Borough Councils named in below to seek offers to provide corporate banking services (Lot 1) and merchant services (credit card payments / payment at remote locations etc.) (Lot 2) to each Council for a period of 5 (five) years with the option to extend for a further period of up to 33 months, however no contract will exceed the end date of 31 March 2022. The services are also being procured on behalf of Crawley Borough Council. Collectively, for the purposes of this tender Councils are referred to as the partner councils.
5. The procurement is being undertaken as an open tender compliant with the Public Contract Regulations 2006. A contract notice was published in the Official Journal of European Union (OJEU) on 3 March 2014.
6. Each partner council and the lead authority will enter into separate agreements with the successful provider/s.
7. The partner councils who will use this contract are:

Eastbourne Borough Council
Hastings Borough Council
Lewes District Council
Rother District Council
Wealden District Council (Lead Authority)
Crawley Borough Council *

* Crawley Borough Council is not a member of the East Sussex Procurement Hub but is included for this contract.

8. Providers may bid for one or more Lots, but are required to complete pricing for all elements of the services required by all Councils for the Lots being applied for. Where bids do not comply with this requirement they may be rejected without further evaluation.
9. The objective of the partner Councils is to achieve the best value for these services through aggregation of volumes and value and as such anticipate awarding the contract to one provider for all Councils per Lot, and if best value is maintained may award both Lots to one provider for all Councils.
10. The Partner Councils will evaluate each bid on its own merit and will award the Contract based on the Most Economically Advantageous Tender (M.E.A.T). The evaluation will take into account a combination of Cost (a calculation of rates quoted against a pricing model provided in the tender document) and Quality. Partner Councils will make their award decision based on the overall highest scoring bid.

Hastings Foreshore Trust

11. Hastings Borough Council is the trustee of the charity for all purposes and bound by charity law in the same way as any other charity trustee. When making decisions relating to or affecting the Charity, it must act in its best interests.
12. The successful provider will be expected to enter into a separate agreement in respect of banking services provided to the Trust.

General Requirements of the Contract

13. In general the requirements of the 6 councils are similar although each council has its own banking profile. The services required however will generally fall into the following categories

Corporate Banking Services (Lot 1)

Bank Accounts: General Account, Payroll Account, Direct Debit Account, Public Sector Reserve Account.

On-line or electronic account access to balances & statements.

Cheques and Paying in slips

Overdraft facilities

Cash and Cheque handling facilities

Electronic transaction facility

Optional Credit Card facility

Optional investment accounts

Merchant Services (Lot 2)

Credit and debit card transactions

Fixed and handheld devices

Transfer to New Provider

14. The Councils will require a smooth and well resourced transfer of accounts. The start of the contract is anticipated to be 1 July 2014 but all the Councils currently have arrangements until 31 March 2015. Some Councils have indicated that they wish to transfer to the appointed provider earlier than this to stagger the implementation. All Councils will require transfer to be completed and service to commence no later than midnight 31 March 2015.

Joint Procurement Objectives

15. The commissioning of the tender will be managed by the East Sussex Procurement Hub on behalf of its members and Crawley Borough Council.
16. The East Sussex Procurement Hub (ESPH) is a shared service which co-ordinates joint procurement on behalf of its members. It was formed in 2010 by the East Sussex District & Boroughs. It is not a purchasing or contracting body but Providers will be expected to communicate directly with the Hub throughout the procurement and the life of the contract.
17. A prime objective for ESPH members is to generate benefits from process improvements, efficiency savings, aggregation and increased effectiveness by building upon the best that each Council has to offer.
18. The Partner Councils are seeking quotations on a joint procurement basis, taking advantage of the benefits that this type of procedure may offer and giving providers an opportunity to show the added value or efficiency that is possible by working with multiple clients. However, each Council will require its own individual requirements to be fulfilled, although we envisage that the same underlying terms and conditions for services and products will be used by all clients.

Timetable for Tender and Contract Award

19. The following timetable will apply to this procurement unless otherwise agreed.

Task	Date
OJEU Notice issued	3 March 2014
Tender issued	10 March 2014
Clarifications deadline	15 April 2014
Clarifications published	by 23 April 2014
Deadline for receipt of tenders	1pm 30 April 2014
Evaluation period	30 April to 22 May 2014
Clarification meetings	w/c 19 May 2014
Notice of intention and standstill period	23 May to 3 June 2014
Contract award (subject to Council approvals process)	4 June 2014
Contract start date	1 July 2014 with staggered transfers from each council

Risk Management

20. The risks from transferring complex financial arrangements to a new bank will need to be fully identified and managed. A transition stage will be built in where both bank accounts (new and old) will be maintained for a minimum of 3 months. A small project team will be set up to manage the bank transfer in conjunction with the new provider.

Economic/Financial implications

21. The Council spent £47,000 during 2012/13 on banking services. It is not known at this stage whether the process will result in savings.

Wards Affected

None

Area(s) Affected

None

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No

Background Information

None

Officer to Contact

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