

REPORT FOR: **CABINET**

Date of Meeting:	12 December 2013
Subject:	Procurement of Banking Services
Key Decision:	No
Responsible Officer:	Simon George, Director of Finance and Assurance Terry Brewer, Divisional Director Commercial, Contracts and Procurement
Portfolio Holder:	Councillor Tony Ferrari, Portfolio Holder for Finance
Exempt:	No except for Appendix 1 which is exempt from publication under paragraph 3, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
Decision subject to Call-in:	No
Enclosures:	Appendix 1 exempt (Part 2 only)

Section 1 – Summary and Recommendations

This report sets out the project management and procurement tender process undertaken for the provision of banking services.

Recommendation:

1. That Cabinet notes this report and takes it into account appendix 1 in part 2 of the agenda in making a decision in respect of the supply of banking services for the term of five years beginning on 1 April 2014 and ending on 31 March 2019 with an option to extend for a period of up to a further two years to 31 March 2021.
2. That Royal Bank of Scotland be awarded the contract for the supply of banking services for the term of five years beginning on 1 April 2014 and ending on 31 March 2019 with an option to extend for a period of up to a further two years to 31 March 2021.

Reason: (For recommendation)

The Council's current banking contract is due to expire in March 2014. In compliance with the Council's Standing Orders an open tendering procedure has been followed and, based on the results, a recommendation is made to award the contract to the most economically advantageous tender.

Section 2 – Report

Introduction

1. In order to conduct its financial affairs in a proper and efficient manner it is essential for the Council to procure banking services from an appropriate provider. Competitive tenders for the service must be invited at reasonable intervals and in accordance with the Council's Standing Orders and procurement regulations.

Options considered

2. Since the procurement of banking services is essential to the Council's ability to carry out its functions the option to do nothing was not considered.

3. The option to conduct an open tendering exercise was used because the market for the provision of the full range of banking services is already very restricted.

Procurement process

4. The Council followed an open one stage tender process targeting suppliers within the banking sector. Following the publication of an Official Journal of the European Union (OJEU) notice three financial organisations tendered for the service. They were all given access to the specification via the E-tendering system to enable them to fully understand the requirements.
5. A specification was prepared by Focus on Banking, a broker contracted to the Council, and the Council's Treasury and Pension Fund Manager.
6. The Council's incumbent provider of banking services is The Royal Bank of Scotland whose current contract ends on 31 March 2014.

Tender stage

7. The tender evaluation criteria were set as follows:

Price – 50%	
Estimated Price over the contract period will be based on the proposed tariffs applied to the indicative transaction volumes plus the Council's estimated cost of moving bank (which will depend on the implementation proposals). Responses provided to the pricing questionnaire will also be used to adjust the overall price for comparison purposes.	
Quality - 50% (broken down further into the following sub-criteria)	
Branch Network (based on responses to questions at 2.2 of the response document)	10%
Basic service requirements (based on responses to questions at 2.3 of the response document)	10%
Relationship Management & Innovation (based on responses to questions at 2.4 of the response document)	7%
Internet Banking Service (based on responses to questions at 2.5 of the response document)	8%
Implementation (based on responses to questions at 2.6 of the response document)	10%
Sustainability	5%

8. The three bids were evaluated by Focus on Banking and the Council's Treasury and Pensions Manager and the results of the evaluation are shown in appendix 1 in Part 2 of the agenda.

Transfer of Undertakings Protection of Employment (TUPE)

9. TUPE does not apply to this contract.

Next steps

10. Subject to Cabinet approval, Legal Services will prepare the contract documentation for sealing by the Council and will issue the contract to Royal Bank of Scotland with a view to commencement on 1 April 2014.

Section 3 - Legal Implications

11. Subject to Cabinet approval, the contract documentation will incorporate all the legal requirements.

Section 4 - Financial Implications

12. Detailed implications are given in appendix 1 on Part 2 of the agenda.

13. Sufficient provision will be made within the revenue budget for the potential seven years' costs arising from the recommendation.

Section 5 - Performance Issues

14. In addition to complying with its competitive pricing structure the successful tenderer will be expected to provide a good level of service across the full range of its activities including: branch network; resolution of transaction queries; relationship management; service level agreement; management of quality of service delivery; innovation; training; reliability.

Section 6 - Environmental Impact

15. There are no significant environmental impacts arising from this proposal.

Section 7 – Risk Management Implications

16. The risk associated with the banking services will be incorporated within the legal contract document.

Section 8 - Equalities implications

17. Equalities issues were considered and integrated into this tender process.

Section 9 - Corporate Priorities

18. This report deals with the Council's banking services which are key to delivering the Council's corporate priorities of a cleaner, safer and fairer Harrow.

Section 10 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 18 November 2013		
Name: Paresh Mehta	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 18 November 2013		

Section 11 – Performance Officer Clearance

Name: Alex Dewsnap	<input checked="" type="checkbox"/>	Divisional Director, Strategic
Date: 28 October 2013		
		Commissioning

Section 12 – Environmental Impact Officer Clearance

Name: Andrew Baker	<input checked="" type="checkbox"/>	on behalf of the Corporate Director (Environment & Enterprise)
Date: 28 October 2013		

Section 13 - Contact Details and Background Papers

Contact: Ian Talbot (Treasury and Pension Fund Manager)

Tel: 020-8424-1450

Email: ian.talbot@harrow.gov.uk

Background Papers: None

**Call-In Waived by the
Chairman of Overview
and Scrutiny
Committee**

NOT APPLICABLE

[Call-in applies]