

**Report to** Cabinet  
25 June 2014  
**Report of** Chief finance officer  
**Subject** Banking Services Delegation

**Item**

19

## KEY DECISION

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### Purpose

To inform members of the progress to date on the tender for the banking services.

### Recommendation

To delegate the decision to award a contract for banking services to the Chief finance officer in consultation with the Portfolio holder for resources

### Corporate and service priorities

The report helps to meet the corporate priority “Value for money services”.

### Financial implications

The banking service provided is crucial to the operation of the council's business although the costs associated are not significant with annual bank charges currently being in the region of £55,000. The estimated costs associated with the tender are relatively small at £1,500.

**Ward/s:** All wards

**Cabinet member:** Councillor Waters- Deputy Leader and resources

### Contact officers

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# Report

## 1 Background

- 1.1 The Council currently banks with the Co-operative Bank under a rolling one year contract up to 31 July 2014.
- 1.2 On 5 November 2013 the Co-operative Bank announced that, regardless of the outcome of their forthcoming recapitalisation bond issue, they would cease to provide banking services to the local authority sector. They were prepared to honour their existing contracts, but would not grant extensions to the contract or tender for future business.
- 1.3 All Norfolk local authorities and the police currently bank with the Co-operative Bank. Officers are currently conducting a joint tender exercise through OJEU to procure a new banking provider. The combined transactions volumes should make this tender more attractive to the banks and produce keener pricing. Soft market testing produced five banks which may be interested in bidding.
- 1.4 The result of the procurement will be a single banking provider across Norfolk, but each council will have its own contract that reflects its own service specification.

## 2 PROPOSED TIMETABLE

- 2.1 The invitation to tender was advertised on 8<sup>th</sup> May and the deadline for interested parties to submit their completed tenders is 28<sup>th</sup> June. The authorities will meet to evaluate the tenders in the week commencing 30<sup>th</sup> June, with interviews (if necessary) scheduled for 14<sup>th</sup> to 18<sup>th</sup> July.
- 2.2 The timetable has been written to accommodate the closest of the contract expiry dates; two of the participant authorities have banking services contracts that require renewal in 2014, with an even spread of expiry dates from March 2015 to March 2017 amongst the remainder.
- 2.3 The intention is to award the contract to a single provider on 1st August 2014, with an individual contract issued to each participant and phased transition from the Co-operative Bank in accordance with each authority's contract expiry date.
- 2.4 However, for the council to participate fully in this process, it must be able to commit to a decision on 21st July, based on information which will not be available until 30th June at the earliest.

## 3 RESOURCE IMPLICATIONS

- 3.1 The work of drawing up the new banking contract specification, advertising, negotiating potentially difficult parts of the contract and assessing the tender submissions, is being divided amongst the participants, such that the workload on any individual council is substantially reduced.
- 3.2 In addition, Norfolk County Council are leading the procurement process on behalf of all the authorities involved. Advice is being provided by an officer

of NPLaw, with the charges being divided amongst the participant authorities. These charges can be offset against Norwich City Council's existing contract with NPLaw. Current estimates of the total legal charge to Norwich are £475.

- 3.3 The invitation to tender was drawn up with the assistance of a jointly appointed banking consultant who visited Norwich City Council to ensure that our specific requirements were met in the tender document. East of England LGA has provided funding to cover some of the costs of the banking consultant, Norwich's share of the remaining cost is estimated at £1,032. Norwich City Council has been on the project steering group and will be represented on the evaluation and interview panels.

## **4 LEGAL IMPLICATIONS**

- 4.1 The advice of NPLaw has been required to ensure that all parts of the invitation to tender, the draft contract, and the memorandum of understanding between the authorities concerned is compliant with UK law and does not contain clauses that may lead to loss of funds or reputation over the course of the contract's term.

## **5 RISK IMPLICATIONS**

- 5.1 The risk of not appointing a banking services contractor before the expiry of the current contract are that the Council will be unable to pay its creditors efficiently, or to receive income from its debtors. This is likely, as there is insufficient time for the Council to complete its own tender process before 31<sup>st</sup> July 2014.
- 5.2 The risks of not completing the joint tender exercise are:
- Increased workload for the council's officers
  - A low or nil response rate from banks to an individual tender exercise
  - Increased costs, as these will not be jointly borne by the group
  - Increased tariff costs; there may be savings offered by banks eager to obtain a large share of creditworthy business in Norfolk.
- 5.3 The risk of appointing a bank that is not acceptable to a public sector body is low, as there will be nine authorities with broadly similar banking needs scrutinising the contract. The appropriate checks will be made by the Chief finance officer before the council's choice is made

## **6 Conclusion**

The joint procurement exercise for a new banking service provider is progressing well, but flexibility is needed to ensure that the contract award is made in accordance with the timescales.

## Integrated impact assessment



**NORWICH**  
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

| Report author to complete |                                                |
|---------------------------|------------------------------------------------|
| Committee:                | Cabinet                                        |
| Committee date:           | 25 June 2014                                   |
| Head of service:          | Caroline Ryba                                  |
| Report subject:           | Banking Services preferred supplier delegation |
| Date assessed:            |                                                |
| Description:              |                                                |

|                                                                            | Impact                              |                                     |                                     |                                                                                                                             |
|----------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Economic<br>(please add an 'x' as appropriate)                             | Neutral                             | Positive                            | Negative                            | Comments                                                                                                                    |
| Finance (value for money)                                                  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | The combined transactions volumes of a joint tender should make it more attractive to the banks and produce keener pricing. |
| Other departments and services<br>e.g. office facilities, customer contact | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Proposed implementation of bankingservice supplier change will incorporate improvements to the systemm                      |
| ICT services                                                               | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Resources required of ICT                                                                                                   |
| Economic development                                                       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |                                                                                                                             |
| Financial inclusion                                                        | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | Simple banking arrangements requested in tender for thiose otherwise not able to assess services                            |
| Social<br>(please add an 'x' as appropriate)                               | Neutral                             | Positive                            | Negative                            | Comments                                                                                                                    |
| Safeguarding children and adults                                           | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |                                                                                                                             |
| <u>S17 crime and disorder act 1998</u>                                     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |                                                                                                                             |
| Human Rights Act 1998                                                      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |                                                                                                                             |
| Health and well being                                                      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/>            |                                                                                                                             |

| Equality and diversity<br>(please add an 'x' as appropriate) | Neutral                             | Positive                            | Negative                 | Comments |
|--------------------------------------------------------------|-------------------------------------|-------------------------------------|--------------------------|----------|
| Relations between groups<br>(cohesion)                       | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |          |
| Eliminating discrimination & harassment                      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |          |
| Advancing equality of opportunity                            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |          |
| Environmental<br>(please add an 'x' as appropriate)          | Neutral                             | Positive                            | Negative                 | Comments |
| Transportation                                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |          |
| Natural and built environment                                | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |          |
| Waste minimisation & resource use                            | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |          |
| Pollution                                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |          |
| Sustainable procurement                                      | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |          |
| Energy and climate change                                    | <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <input type="checkbox"/> |          |
| (Please add an 'x' as appropriate)                           | Neutral                             | Positive                            | Negative                 | Comments |
| Risk management                                              | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <input type="checkbox"/> |          |

**Recommendations from impact assessment**

**Positive**

**Negative**

**Neutral**

**Issues**