

COMMENCEMENT OF THE TENDERING PROCESS FOR BANKING SERVICES

To: General Purposes Committee

Meeting Date: 16 July 2019

From: Deputy Chief Executive and Chief Finance Officer

Electoral division(s): All

Forward Plan ref: 2019/051 **Key decision:** Yes

Purpose: The Council's existing banking services with Barclays will come to an end in February 2020.

There is a need to procure replacement banking services in order for the Council to be able to manage its financial operations and to have proper financial arrangements in place.

This report provides an overview of the current banking arrangements and outlines the process and timelines proposed to procure a new banking services contract.

Recommendation: The Committee is asked to:

- 1** Approve the commencement of the procurement process for the Council's banking services from March 2020; and
- 2** Delegate authority to the Deputy Chief Executive (S151 Officer) in consultation with the Chairman of the Committee to award the contract following the procurement process.

<i>Officer contact:</i>		<i>Member contacts:</i>	
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1. BACKGROUND

- 1.1 In 2012 the Council entered into a three way contract for banking services with Northamptonshire County Council (NCC) and Hertfordshire County Council (HCC). The contract lead for the procurement and the ongoing relationship was HCC. Barclays Bank were awarded the contract in May 2012 for a period of 5 years plus a 2 year extension. At the time of implementing the contract there was a dedicated project manager and project team with representatives from relevant parts of the organisation such as finance, schools finance, business systems and treasury amongst others.
- 1.2 The existing bank contract with Barclays expired in May 2019 however it was agreed by all 3 authorities to extend the contract for a further period of 9 months to February 2020 on the existing tariffs. Annual costs for the existing contract with Barclays are in the region of £50k but are dependent on volumes and types of transactions incurred.
- 1.3 The three authorities no longer wish to maintain the joint procurement approach meaning that the Council must put in place alternative arrangements when the current extension ends in February 2020. This report seeks approval from the Committee to commence the procurement process to put in place a new contract for banking services.

2. MAIN ISSUES

- 2.1 The banking services are critical to the proper financial management arrangements of the Council which the Section 151 Officer must ensure are in place. The banking services contract whilst not a substantial annual sum (c£50k dependent on transaction volumes) is a significant amount over the life of the contract. It is a major undertaking to change the banking arrangements, which include maintained schools. Typically contracts for banking services by other local authorities tend to be procured over a period of 5 to 10 years with appropriate break points in the contract. The proposal is therefore to tender for a 5 year contract with extensions of 2 years, plus 2 years, plus 1 year giving an overall contract period of 10 years.
- 2.2 Based on an estimated annual value of £50k and a proposed contract life of 10 years the overall contract value is expected to be £500k. This makes it a key decision for the Council and also means that an Official Journal of the European Union (OJEU) procurement process is required.
- 2.3 The following are the stages and considerations in the procurement timetable, process and implementation:
 - a) Relevant approvals sought to proceed to procurement – this report.
 - b) Early engagement of all stakeholders to support the development of the specification and ensure the business needs are understood and factored in. This work has started with relevant LGSS services (accounts payable, accounts receivable, business systems, schools finance, pensions and so on) in readiness that the approval is given.

- c) Drafting of the specification, questions and pricing criteria completed. This may have a greater weighting to social value than has been the case in the past and enhanced digital services. The Section 151 Officer has approved the use of a specialist consultancy firm to support the development of the specification given the complexity of banking contracts and associated terms and conditions and to bring in the skills required to do this which are not available within the organisation itself. This consultancy firm will deliver key outcomes for a fixed price which include supporting the development of the specification, and if the procurement is approved, support Officers in responding to bidder clarification questions and finally support the pricing evaluation once bids are received.
- d) Undertake the OJEU procurement process based on a planned timetable as follows:

Stage	Length (Days)	Start Date	End Date
Post OJEU Notice	0	1 Aug 2019	1 Aug 2019
Issue Invitation to Tender and Receive Bids	40	2 Aug 2019	11 Sep 2019
Bid Evaluation	45	12 Sep 2019	27 Oct 2019
Notification of Intention to Award (minimum)	10	28 Oct 2019	6 Nov 2019
Contract Award	0	7 Nov 2019	7 Nov 2019
Implementation	100	8 Nov 2019	26 Feb 2020

- e) The cost to change from one banking provider to another are expected to be between £50k and £100k. This would cover project management of the procurement process, potential business system reconfiguration and testing, process reengineering where needed, management and migration of maintained schools to a new provider, coordination and setting up of training with end users and process owners, and customer management / communications amongst other activities. Work is ongoing to identify these costs and consideration will be given to the support provided (financial or otherwise) by potential bidders in the tender specification.

2.3 Procurement colleagues and LGSS Law have been engaged in the planning discussions to date with finance staff to ensure appropriate consideration and due process is followed. The input of these services, if the procurement is approved, will be crucial to ensure a fully compliant procurement process that achieves a successful outcome.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 A good quality of life for everyone

There are no significant implications for this priority.

3.2 Thriving places for people to live

There are no significant implications for this priority.

3.3 The best start for Cambridgeshire's children

There are no significant implications for this priority.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

The resource implications are covered in Section 2.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

The procurement implications are covered in Section 2.

4.3 Statutory, Legal and Risk Implications

The statutory, legal and risk implications are covered in Section 2.

4.4 Equality and Diversity Implications

There are not considered to be any significant implications relating to equality and diversity.

4.5 Engagement and Communications Implications

There are not considered to be any significant implications relating to engagement and communications.

4.6 Localism and Local Member Involvement

There are not considered to be any significant implications relating to localism and local member involvement.

4.7 Public Health Implications

There are not considered to be any significant implications relating to public health.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Tom Kelly
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by the LGSS Head of Procurement?	Yes Name of Officer: Gus de Silva
Has the impact on statutory, legal and risk implications been cleared by the Council's Monitoring Officer or LGSS Law?	Yes Name of Legal Officer: Fiona McMillan
Have the equality and diversity implications been cleared by your Service Contact?	Yes Name of Officer: Tom Kelly
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Christine Birchall
Have any localism and Local Member involvement issues been cleared by your Service Contact?	Yes Name of Officer: Tom Kelly
Have any Public Health implications been cleared by Public Health	Yes Name of Officer: Tess Campbell

Source Documents	Location
None	Not applicable