

<b>DECISION-MAKER:</b>	CABINET		
<b>SUBJECT:</b>	BANK TENDER- DELEGATED AUTHORITY TO AWARD CONTRACT		
<b>DATE OF DECISION:</b>	15 APRIL 2014		
<b>REPORT OF:</b>	CABINET MEMBER FOR RESOURCES		
<b><u>CONTACT DETAILS</u></b>			
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<b>STATEMENT OF CONFIDENTIALITY</b>
N/A

### **BRIEF SUMMARY**

The Council's contract with the Co-operative Bank (the Co-op) expires in September 2014. In addition the Co-op is withdrawing from the local authority banking market following its high profile financial difficulties. The Council is leading a joint procurement with five other local authorities to appoint a single bank for general banking and merchant acquiring with each council having a separate contract. This report requests that delegated authority is given to the Chief Financial Officer (CFO) to award the contract to the preferred bidder following rigorous evaluation of quality, price, financial standing and terms and conditions.

### **RECOMMENDATIONS:**

- (i) Delegate authority to the Chief Financial Officer to award the bank contract to the preferred bidder for both general banking and merchant acquiring.

### **REASONS FOR REPORT RECOMMENDATIONS**

1. This report is being brought forward to Cabinet to allow for the decision making of the joint procurement with five other local authorities to proceed and ensure that the project to change banks can be implemented in time for the contract expiry date of 21 September 2014.

### **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

2. The Council has no alternative but to change banks as the Co-op is withdrawing from the Local Authority banking market. The current contract expires on 21 September 2014. Without delegated powers being approved for the CFO the contract award would be delayed with the risk that the Council would be without a bank or that less favourable terms may be agreed due to time pressure.

## **DETAIL (Including consultation carried out)**

3. The current general banking and merchant acquiring (card services) contract ends on 21 September 2014. The Council therefore needs to re-tender for these services that are essential to the operation of all services.
4. Over the last year the Co-op has had well-publicised financial difficulties and the Council has implemented a number of contingency arrangements to reduce risk. The Co-op has announced it is withdrawing from the local authority banking market.
5. The Council has entered into a joint procurement arrangement with five other local authorities (New Forest, Test Valley, Slough, Reading and Purbeck) with a view to obtaining competitive tariffs from the banks left in the market. A single preferred bidder will be chosen for each of the two lots (general banking and merchant acquiring) and each council will enter into separate contracts for an initial seven year period with the option of three one-year extensions.
6. The joint banking procurement is working to a tight timetable in order to meet the needs of all the councils that want to move away from the Co-op as soon as possible to reduce risks. Southampton City Council has the first contract expiry date so it is important that the decision to award the contract is taken as soon as possible.
7. Banking contract specialists BRC Consulting are assisting with the tender process and have helped write the specification and tender documents. In addition as lead authority Southampton City Council have consulted with colleagues in Legal and Procurement to ensure it strictly adheres to policies and procedures.
8. As part of the evaluation process there will be a detailed assessment of the quality and price of the bids along with the financial standing and terms and conditions. The assessment will be jointly carried out by all six councils plus Southampton's Legal and Procurement teams.
9. Once a preferred bidder is selected and following a ten day stand-down period it is intended to award the contract by mid-May 2014. This report requests that the authority to award the contract is delegated to the CFO in order to avoid further delay in the process, reduce risk of not moving from the Co-op and allow the joint procurement to move forward as one.
10. Councillors have been kept updated on the arrangements that have been put in place to reduce exposure to the Co-op and on the project to move to a new bank, for example through the Treasury Management Strategy and Prudential Limits Mid Year Review report presented to Council on 20 November 2013 and this report is the next step in that process.

## **RESOURCE IMPLICATIONS**

### **Capital/Revenue**

#### **Capital**

11. None.

## **Revenue**

12. There is annual budget provision for general banking and merchant acquiring and it is anticipated that the joint procurement should result in very competitive tariffs, although the final contract prices will not be known until bids are received and assessed. At this stage it is anticipated that the costs of the new contracts will be met from within existing budget provision and any variation will be factored into the savings proposals for Finance which are being reviewed as part of the budget development for future years.

## **Property/Other**

13. There are no specific property implications arising from this report.

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

14. Local Government Acts 1972 and 2000 and the Localism Act 2011 (general power of competence).

### **Other Legal Implications:**

15. None directly, but in preparing this report, the Council has had regard to the Human Rights Act 1998, the Equality Act 2010, the duty to achieve best value and statutory guidance issued associated with that, and other associated legislation.

## **POLICY FRAMEWORK IMPLICATIONS**

16. The banking contract fits in with the overall Budget Strategy of the Council.

**KEY DECISION?** Yes

<b>WARDS/COMMUNITIES AFFECTED:</b>	All
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## **SUPPORTING DOCUMENTATION**

### **Appendices**

1.	None
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### **Documents In Members' Rooms**

1.	None
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### **Equality Impact Assessment**

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	Yes/No
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### **Other Background Documents Equality Impact Assessment and Other Background documents available for inspection at: None**

Title of Background Paper(s)      Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	None	
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