

	<p>ACTION TAKEN UNDER DELEGATED POWERS BY DEPUTY CHIEF OPERATING OFFICER 26.11.2014</p>
<p>Title</p>	<p>Corporate Banking Procurement and Contract Award</p>
<p>Report of</p>	<p>Head of Finance, Commissioning Group</p>
<p>Wards</p>	<p>All</p>
<p>Date added to Forward Plan</p>	<p>22 July 2014</p>
<p>Status</p>	<p>Public</p>
<p>Enclosures</p>	<p>None</p>
<p>Officer Contact Details</p>	<p>Iain Millar, Head of Treasury, Customer Support Group, iain.millar@barnet.gov.uk 0208 359 7126</p>

Summary

Following a competitive tendering process, this report is seeking approval to enter into a contract with the Royal Bank of Scotland to provide banking services for the London Borough of Barnet.

The Council invited providers to tender for the provision of banking services as the current contract with the Co-Operative Bank ends on 31st March 2015 and there is no option to extend. The Eastern Shires Purchasing Organisation Banking Services Framework was used to reduce tendering costs.

The contract is to be for a term of five years with an option to further extend for up to two years with the contract starting on 1 January 2015 to allow a transition period before the cessation of the existing contract.

Decisions

- 1. To approve the award of contract to the Royal Bank of Scotland for the provision of banking services for a term of five years from 1 January 2015 with an option to extend for periods totalling a maximum of a further two years.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Council's contract with the Co-operative Bank expires on 31 March 2015. The Co-operative Bank will not accept further extension of the contract because they are withdrawing from the local government banking market. The Council needs to have a banking contract in place before the current contract ends and to migrate banking arrangements to the new provider before the end of the current financial year 2014/15.

2. REASONS FOR DECISIONS

- 2.1 The decision to award the contract is based on the outcome of the evaluation process which established that while all three banks complied with the specification, the Royal Bank of Scotland provided the most economically advantageous offer based on the evaluated combined scores for price and quality.

2.2 The Tender Process

- 2.2.1 The Eastern Shires Purchasing Organisation (ESPO) Banking Services Framework was used to reduce timescales and tendering costs. ESPO had already completed an OJEU Open Procedure and there were three approved banks on the framework. (*ESPO reference 384-14 Banking Services Lot 1 General Banking Services.*),
- 2.2.2 London Borough of Barnet's eSourcing portal was used for this tender process and three expressions of interest were received.
- 2.2.3 The submissions were evaluated in accordance with the published evaluation criteria set out in the invitation to tender. Technical support and pricing evaluation of the bids was provided by Focus on Banking, a specialist banking adviser.
- 2.2.4 The following price and quality weightings were used to determine the most economically advantageous tender:

Quality	20%
Price	80%

As part of this assessment, tenderers were required to outline their estimated cost over the five year contract period in the Pricing Schedule included in the Tender Submission Document. Price scores were calculated based on the

lowest price submitted by tenderers. The tenderer with the lowest price was awarded the full amount of points available; with the remaining tenderers gaining pro-rated scores in relation to how much higher their price was compared to the lowest price.

2.2.6 The quality scores were awarded on the basis of the banks' proposals for providing an efficient service aligned with the Council's needs and how they would manage an effective transition in the required timescale.

2.2.5 All three banks were invited to make a presentation to the evaluation panel to outline their banking services and implementation plans. Further clarification was requested and received on the pricing specifications of all three banks.

2.3 Evaluation of Quotes

2.3.1 All of the completed tenders were evaluated by officers in accordance with the published evaluation criteria set out in the invitation to tender.

2.3.2 The evaluation for the successful tender is as follows:

Banking Services Contract Ref 700051

	Bidder A	Bidder B	Royal Bank of Scotland
Quality (20%)	10.72	16.16	14.72
Price (80%)	77.89	70.77	80.00
TOTAL (100%)	88.61	86.93	94.72

2.2.3 All three banks demonstrated that they complied with the specification.

2.2.4 The Royal Bank of Scotland provided the most economically advantageous offer based on the evaluated combined scores for price and quality.

3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 3.1 A full OJEU procurement was considered but rejected. Using the ESPO Banking Services Framework reduced tendering costs and achieved the required tendering timeline.

4. POST DECISION IMPLEMENTATION

- 4.1 The implementation will be project managed. The project team will report weekly to the banking project board to ensure operational banking arrangements are in place by March 2015.
- 4.2 The Co-operative Bank accounts will be closed once the banking migration has taken place.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1. The contract award will result in reduced banking transaction costs. As part of the implementation the supplier is required to review the Council's internal banking processes and procedures. Both accord with the Council's corporate priority: Better services with less money.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 Undertaking a competitive tender process ensures that the Council maintains value for money in the provision of banking services. The five year cost of the proposed bank contract based on current transaction volumes should produce annual savings of £90k per annum over the five year contract. The estimated contract value based on current transactions over five years is £224,952.

5.3 Legal and Constitutional References

- 5.3.1 The contract is awarded to the supplier demonstrating the most economical advantageous quote over the five years of the contract.
- 5.3.2 The bank contract is awarded in accordance with Appendix 1, Table A of the Contract Procedure Rules for values in excess of £172,154. This requires a Full Officer DPR in consultation with the Chair of Performance and Contract

Monitoring Committee provided the tender has been received within the budget figure (forward plan entry).

- 5.3.3 The projected costs are significantly below the budget figure of £400k set out in the procurement forward plan reported to Policy and Resources Committee held on 21 July 2014 (Item 9 Procurement Forward Plan).

5.4 Risk Management

- 5.4.1 Failure to ensure new banking arrangements are in place by 31 March 2015 would result in the inability of the Council to receive income or pay suppliers as the Council's banking facilities will be withdrawn by the Co-op bank. The replacement bank has been selected on its ability to implement a project managed transition to new banking arrangements for the Council.

5.5 Equalities and Diversity

- 5.5.1 The tendering process did not identify any specific issues around equalities and diversity. The proposed contractor was identified following a procurement process conducted in accordance with the Council's Equality Duty

5.6 Consultation and Engagement

- 5.6.1 The project team will engage with internal stakeholders to ensure a smooth transition to the new banking contract. This will include a communication strategy to advise of the change in the Council's banking arrangements.

6. BACKGROUND PAPERS

- 6.1 None

7. DECISION TAKER'S STATEMENT

- 7.1 *I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations.*

8. OFFICER'S DECISION

I authorise the following action

- 8.1

Signed John Hooton, Deputy Chief Operating Officer

Date 26 November 2014
