

EXMOOR NATIONAL PARK AUTHORITY

RESOURCES COMMITTEE – 16 NOVEMBER 2004

OUTCOME OF TENDER FOR BANKING SERVICES

Report of the Chief Finance Officer

Purpose of Report:

To inform members on the outcome of a tendering exercise for banking services.

RECOMMENDATION:

The Resources Committee is recommended to NOTE the outcome of the joint tendering process that has been carried out for banking services.

1. BACKGROUND

- 1.1 The Authority has its banking relationship managed by Somerset County Council under a service level agreement (SLA). During the spring of 2003 it was decided by the County Council that at the conclusion of the extension to the banking contract that was in place at that time with NatWest, a full competitive tender process should be undertaken. The contract with NatWest had been extended for 2 years from 30th September 2002 and although they have been subject to competitive tender in the past and their fees had also been independently evaluated, it was felt appropriate to test the market for these services. As such this Authority was also required to tender for banking services. After consultation with the County Council and Avon and Somerset Police Authority (who have a similar SLA with the County Council for banking) it was agreed that it was in the interests of all for a joint tender to be put together which allowed tenderers to offer terms to all three collectively or to each individually.
- 1.2 To facilitate the tender a working party was set up with a dual remit:
 - To review current working practices and explore improvements where relevant
 - To oversee the tender process and make a recommendation
- 1.3 This group has had a number of meetings including establishing sub-groups to look at receipts, payments and cash collection. A number of the issues raised by the group still require work, specifically the use of secure carrier contractors to prevent SCC staff carrying large sums of cash to bank branches and the introduction of a new method of data capture for ensuring the correct coding of receipts that are made outside of County Hall.
- 1.4 Enquiries were made as to whether there was any appetite among the district councils within Somerset to become party to the tender but this offer was not taken up.

2. TENDER PROCESS

- 2.1 To aid with the tender process a consultant specialising in banking was employed by Somerset County Council. The consultant spent a full day reviewing current practices and looking at data regarding transaction volumes etc. The consultant then wrote a tender specification, which was reviewed and approved by the working group prior to the start of the tender process.

- 2.2 An OJEU tender contract notice was prepared and posted on 14th May 2004. Under the EU procurement rules an open tender process was utilised and requested completed tenders to be received by the County Council no later than 6th July 2004. Tenderers were required to provide sufficient copies for the County Council to forward to Avon and Somerset Policy Authority and Exmoor National Park Authority to allow them to carry out a separate evaluation.
- 2.3 Five banks responded to the OJEU contract notice and requested the questionnaire, these banks were NatWest, the Co-Op, Lloyds TSB, HSBC and Barclays. Of these Lloyds TSB and HSBC subsequently informed us that they would not be entering a tender. Tenders from the remaining three banks were received before the expiry date.
- 2.4 The tenders were subsequently reviewed by the consultant who provided a written report and an analysis of the various proposed pricing structures. The consultant's analysis showed that for SCC the cheapest tender was from NatWest and that their service offering was at least as good as the next best tenderer. The consultant recommended that NatWest be re-appointed by the County Council.
- 2.5 For Exmoor National Park Authority the cheapest option was to follow the decision of the County Council since each of the banks was willing to give us the same prices as the County Council if we appoint with them but had separate, significantly more costly, pricing structures if we appointed on a stand alone basis. NatWest have confirmed that the pricing structure that they are offering us if we appoint with the County Council would hold if we subsequently ceased to deal via the County Council.
- 2.6 The working group and I on behalf of Exmoor National Park Authority subsequently reviewed the consultants report and where pertinent the documentation provided by the tenderers. The group and I endorsed the consultant's recommendation and passed it on for a final decision from Somerset County Council.

3. **FINAL DECISION**

- 3.1 At a meeting with the principal officers involved in chairing the working group and undertaking the tender process on 25 August 2004, it was agreed that Natwest be re-appointed as the Authority's banker subject to the signing of a satisfactory contract and in accordance with delegated financial powers. It is envisaged that we can sign a ten-year agreement under which the bank will be allowed to re-price every three years and both parties will be allowed to terminate the contract by giving six months written notice.
- 3.2 The new pricing structure allows the Authority to obtain a reduction in the cost of automated transactions, however there is a small increase in the cost of manual transactions. It is anticipated that there will be no significant change in the level or cost of service provision enjoyed by the Authority.
- 3.3 This outcome has the added benefit of avoiding the considerable costs and disruption to service associated with changing banks and through this joint working the Authority has been able to benefit from this joint tendering service.

C W Burrows
Chief Finance Officer