

# CHESHIRE EAST COUNCIL

## Cabinet

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<b>Date of Meeting:</b>	28 <sup>th</sup> May 2013
<b>Report of:</b>	Chief Operating Officer (Interim)
<b>Subject/Title:</b>	Key Decision 53 - Contract for Provision of Banking and Card Transaction Services
<b>Portfolio Holder:</b>	Councillor Peter Raynes (Finance)

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### 1.0 Report Summary

- 1.1 Cheshire East Borough Council has a requirement to undertake a tender for the provision of banking and card transaction services. The current contracts have been in place with the Co-Operative Bank and Global Payments (formerly HSBC) since 2009 and are due to expire in March 2014.

### 2.0 Decision Requested

- 2.1 To delegate to the Chief Operating Officer the authority to award the contract for banking and card services for Cheshire East Council. The contract award will be made in consultation with the Borough Solicitor and the Portfolio Holder for Finance.

### 3.0 Reasons for Recommendations

- 3.1 The current contracts with the Co-operative Bank for the supply of banking services and with Global Payments (formerly HSBC) for card transaction services are due to expire on 31 March 2014.
- 3.2 The deadline for the submission of tenders is 25<sup>th</sup> June 2013. The date to award the contract and notify the successful suppliers has been set at 29<sup>th</sup> July 2013. In the event of the contracts being awarded to a new bank or card supplier a six month lead in time is recommended for a smooth and cost-effective transition.
- 3.3 In order to comply with the timetable for the awarding of the bank contract and to allow sufficient time for transitional arrangements to take place, if required, Cabinet is recommended to delegate the decision to award the contracts to the Chief Operating Officer.
- 3.4 The Borough Solicitor will prepare the necessary contract documentation for commencement in April 2014.

### 4.0 Wards Affected

- 4.1 Not applicable.

## **5.0 Local Ward Members**

5.1 Not applicable

## **6.0 Policy Implications including - Carbon reduction - Health**

6.1 Not applicable.

## **7.0 Financial Implications**

7.1 As covered in the report.

## **8.0 Legal Implications**

8.1 The Forward Plan sets out the key decisions which the Leader, Cabinet and Individual Portfolio Holders expect to take over the next four months. Subject to urgency provisions, the law requires the Council to give at least 28 clear days notice ahead of any key decision being taken under executive arrangements, so that people know about them and have the opportunity to read the related report and background papers and to submit their views to the decision maker.

## **9.0 Risk Management**

9.1 A timetable for the awarding of the contract is in place to ensure the required deadlines are met.

## **10.0 Background and Options**

10.1 The contracts will run for 5 years with an option to extend for up to a further 2 years and will be tendered for separately, which should provide the widest range of potential suppliers. The estimated contract value over a 5 year + 2 year extension period is £700,000 for banking services and £1,050,000 for card transaction services.

10.2 The cost of changing banks can be significant and will involve additional work for a number of officers across many areas of the council over several months. A reasonably long contract period is therefore needed to ensure that the benefits of any change in banker offset the costs of change.

10.3 The Council is also provided with purchase cards by its banker. Going forward this will be procured through a framework agreement and therefore does not form part of this tender process.

10.4 In order to obtain the most cost-effective and efficient service for the Council, the transactional banking and card arrangements have been examined in detail by banking consultants, BRC Consulting Ltd to obtain a clear understanding of the services required now and in the future.

- 10.5 The existing arrangements have been reviewed and benchmarked against best practice as seen by BRC Consulting Ltd in other Councils. Potential improvements have been discussed and, where appropriate, included in the tender documentation.
- 10.6 The tender exercise is being undertaken simultaneously with Cheshire West and Chester whose banking and card transaction services contracts operate within the same timescale. Each Council will procure their contracts separately using their own procurement and legal requirements. However, the tender process for each Council will proceed along parallel paths at broadly the same time.

### **11.0 Access to Information**

The background papers relating to this report can be inspected by contacting the report writer:

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