



Author/Lead Officer of Report: Clair Sharratt

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Report of: Executive Director, Finance & Resources
Report to: Executive Member, Finance & Resources
Date of Decision: 18th February 2022
Subject: Banking Services Requirements for Sheffield City Council

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input type="checkbox"/>	
Which Executive Member Portfolio does this relate to? Finance and Resources (<i>Insert title of Portfolio</i>)		
Which Scrutiny and Policy Development Committee does this relate to? Overview & Scrutiny (<i>Insert name of Committee</i>)		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? (<i>Insert reference number</i>)		
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>		

Purpose of Report:

An existing contract with Barclays to provide Sheffield City Council's banking services expires on the 30th September 2022. The purpose of the report is to seek authority to procure a successor banking services contract to commence 1st October 2022 to ensure continuity of a banking service.

The report seeks approval of the procurement approach, authority to award and to enter into a contract with the successful bidder.

Recommendations:

To approve the procurement of a provider to deliver the Council's banking service requirements as set out in this report.

To delegate authority to the Director of Finance and Commercial Services in consultation with the Director of Legal and Governance to award the contract and to take such other necessary steps not covered by existing delegations to meet the aims and objects as set out in this report.

Background Papers:

(Insert details of any background papers used in the compilation of the report.)

None

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Dave Phillips Commercial: Paul Rayton
		Legal: Kevin Carter
		Equalities: Bev Law
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	<i>Eugene Walker</i>
3	Executive Member consulted:	<i>Cate McDonald</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Clair Sharratt</i>	Job Title: <i>Senior Finance Manager</i>
	Date: 24 January 2022	

1. PROPOSAL

- 1.1 The Council's current banking services contract with Barclays is due to expire on 30th September 2022 and it is therefore proposed a successor contract be procured in line with the Public Contracts Regulations 2015 and the Council's Standing Orders.
- 1.2 A lead-in time of several months is additionally being proposed, as in the event of any change in provider additional work will be required to transfer over and update various processes and procedures, direct debits and other interfaces with the banking provider. Therefore the intention is to conclude the procurement no later than the end of March 2022 to allow for this activity, if required.
- 1.3 It is proposed to enter into a new contract for a period of 5 years commencing 1 October 2022 with an option to extend for an additional two years thereafter (a potential maximum contract length of 7 years). Current spend is approximately £65,000 per annum on banking services – a potential minimum total contract value of £455,000. However, as this is the minimum anticipated cost, allowing for inflation and any unforeseen costs which may see expenditure exceed £500,000, this report is based on it being a 'Key Decision with expenditure over £500,000' to future proof against any higher costs and still have the appropriate decision in place.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 Having a banking service is critical for the Council to be able to effectively operate and undertake its day to day functions. Below are some of the key service aspects required, for example:
 - Maintenance of the Council's bank accounts
 - Handling of paper, BACS and CHAPS clearing
 - Cash processing and other activities associated with local authority banking business.
 - An internet banking service for balance/transaction reporting and payment initiation

3. HAS THERE BEEN ANY CONSULTATION?

(Refer to the Consultation Principles and Involvement Guide. Indicate whether the Council is required to consult on the proposal, and provide details of any consultation activities undertaken and their outcomes.)

- 3.1 The service required shall be an internal service to the Council with no touchpoints with the public / no service delivery to clients etc. beyond allowing the public to be able to make payments to the Council. Any change in supplier should not impact on or substantially alter the way the public would interact with the Council and any updates required would happen 'behind the scenes'. Accordingly there has been no consultation undertaken and no requirement to consult on the proposal.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 Overall, there are no significant positive or negative equalities implications from this proposal.
- 4.1.2 The tender will be run as an open tender in line with the Public Contracts Regulations 2015. As a result, the opportunity is open to any company that can meet our requirements. This ensures a fair and inclusive process is undertaken.
- 4.1.3 As part of the Tender process, the Council has possible exclusion grounds against any potential provider who has been convicted of offences relating to child labour and/or other forms of trafficking in human beings or a breach of social / labour law obligations.
- 4.1.4 Potential providers will also be invited to advise on their Social Value commitments and to consider what, if any further local economic impact is available. There is also an expectation that Bidders will abide with the principles of the Council's Ethical Procurement Policy and Ethical Code of Conduct for Suppliers plus seeking a commitment to equal opportunities and meeting the Real Living Wage.

4.2 Financial and Commercial Implications

- 4.2.1 The banking service cost has been approved by Finance and is accounted for within agreed current budgets. Volume driven transactional banking costs are generally increasing as the Council aims to increase the availability of accessible automated payment methods, but there is a decreasing trend in the use of cash and cheques, which attract higher handling costs.
- 4.2.2 Commercially the tender will be run as an Open procedure in line with the Public Contracts Regulations 2015 led by a procurement professional with evaluation undertaken by a core team plus additional input from subject matter experts where required.
- 4.2.3 Submissions will be evaluated and due diligence undertaken of the ITT (and accordingly of each potential provider). It is a legal requirement to publish the evaluation criteria and 'weighting' within the ITT and this is proposed to be a mix of quality (65% weighting) and price (35% weighting) to ensure the most economically advantageous tender is achieved.
- 4.2.4 The proposed quality evaluation is as follows (note that the 65% Quality weighting will then be further applied):

Section No.	Section Title	Max. Marks Available	Weighting
1	Electronic Banking	33	16.5%
2	Account Management / Structure	23	11.5%
3	Relationship Management and Service Level	24	12.0%
4	Innovation	10	5.0%
5	Cash Paying in	20	10.0%
6	Bacs	18	9.0%
7	Cheques	10	5.0%
8	Implementation Plan	24	12.0%
9	Pricing Schedule and Charging.	14	7.0%
10	Reconciliation Data Services	9	4.5%
11	Local Economic Impact & Social Value	15	7.5%
		200	100.00%

4.2.5 There will be various questions asked under each individual Section heading, the responses to which will be used to assess potential provider suitability and ultimately determine a winner, including factoring in price.

4.2.6 Bidders will also be invited to accept and abide by the Council's Ethical Procurement Policy and sign the Ethical Code of Conduct for Suppliers (as discussed under Equality of Opportunity Implications); alternatively there is at least an expectation Bidders Corporate Social Value (CSR) policies shall align with the Council's core values, as much as practicable allowing for the size of the banking providers. The Tender process will also assess Bidders declarations around corruption, fraud and money laundering in addition to social / labour law obligations, allowing for the potential exclusion of non-compliant Bidders where grounds allow.

4.2.7 Pre-market engagement with the major banking providers has indicated that they will wish to propose and submit their own Customer Agreement / Core Banking Agreement Terms & Conditions. The procurement and contract risks in relation to these services should then be noted and will be mitigated with the intention to have a proposed 'Form of Agreement' in place which shall be used as a type of contractual cover sheet, the purpose of which is to ensure that the Council's redlines are incorporated and for the winning bidder's pricing and SLA submission to form part of the final contractual arrangement.

4.3 Legal Implications

4.3.1 The Localism Act 2011 provides local authorities with a "general power of competence" which enables them to do anything that an individual can do as long as the proposed action is not specifically prohibited. This enables the Council to issue a tender and enter into contracts for these banking services.

4.3.2 Given the estimated value of the contract, the services are required to be procured in line with the Public Contracts Regulations 2015.

4.3.3 The procurement process and any contract awards must also be undertaken in accordance with all relevant provisions of the Council's Constitution including its Contracts Standing Orders.

4.4 Other Implications

(Refer to the Executive decision making guidance and provide details of all relevant implications, e.g. HR, property, public health).

4.4.1 There are no other known implications. TUPE is not anticipated to be relevant and there are no touch points with HR, property or public health.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 *Allow the existing contract to time expire.* This is not an option as the Council requires a banking service to support and underpin its daily activities.

5.2 *Extend the current contract.* This creates the risk of contravening the Public Contracts Regulations 2015 and leaving the Council exposed to the risk of legal challenge.

5.3 *Insourcing the service.* This is not an option as it is not practical for the Council to operate in this manner, an organisation that is FCA regulated is required for the breadth and depth of the Council's financial and banking requirements.

6. REASONS FOR RECOMMENDATIONS

6.1 The existing banking services contract expires the 30th September 2022 and the Council needs to procure a new provider. A contract length of five years with an option to extend for a further two is considered optimum to achieve value for money.