
REPORT TO THE MEETING OF THE EXECUTIVE 5 JUNE 2019**PORTFOLIO: FINANCE****REPORT FROM: SECTION 151 OFFICER****SUBJECT: BANKING CONTRACT****1 DECISION BEING RECOMMENDED**

- 1.1 To agree the award of a new five-year contract for Rochford District Council's banking services to Lloyds Bank from 1 August 2019.

2 KEY DECISIONS DOCUMENT REFERENCE No: 6/19**3 REASON FOR RECOMMENDATION**

- 3.1 Ahead of the expiry of the existing Banking Services contract on 31 July 2019 the Council has undertaken an OJEU compliant procurement process to secure continued service provision for the next five years. Lloyds Bank was the only supplier to submit a tender for this contract and, since it meets the Council's specification for services, Lloyds Bank will be awarded the contract under procurement rules.

4 SALIENT INFORMATION

- 4.1 The Council's current banking services contract expires on 31 July 2019. An Invitation to Tender was issued via Delta E-Sourcing and Contracts Finder in March 2019 with a view to secure a banking service from 1 August 2019.
- 4.2 The contract term will be for an initial period of 5 years with an option to extend for two further 12-month periods (5+1+1).
- 4.3 Lloyds Bank was the only provider to submit a tender for the new contract and met the minimum requirements as set out in the specification of services provided by the Council. Under procurement rules Lloyds Bank will therefore be awarded the new contract from 1 August 2019.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 There are no other viable options if the Council wants to secure the continued provision of banking services from 1 August 2019.

6 RISK IMPLICATIONS

- 6.1 The new contract needs to be in place by 1 August 2019 to ensure that the banking services for RDC runs smoothly.

- 6.2 The Council is reliant on its banking services to ensure it can operate financially; this includes making and receiving payments, managing its cash balances and providing financial information for operational decision making.

7 RESOURCE IMPLICATIONS

- 7.1 The cost of the contract is dependent on both on the volume of transactional activity the Council undertakes with the bank and the pricing schedule of individual services provided.
- 7.2 Based on current activity levels it is anticipated that the annual cost of the new banking contract could increase from c£10,000 per annum to c£20,000 per annum. This would result in a cost pressure of c£6,000 in 2019/20, and additional budget provision of c£10,000 being required from 2020/21 onwards. This will be monitored once the new contract is in place.
- 7.3 The tariffs quoted will cover the entire contract period including any extension to the initial five years; therefore, no inflationary increases above this will be levied by Lloyds Bank. This gives some certainty over future costs.
- 7.4 Additionally, the Council is working to reduce the number of cash and cheque payments it receives which should reduce future volumes of transactions and will help to mitigate any cost pressures arising.

8 LEGAL IMPLICATIONS

- 8.1 The Council has observed and adhered to the OJEU thresholds and relevant procurement legislation in procuring the new contract.
- 8.2 The Invitation to Tender process went through the proper and necessary channels in view of securing banking services from 1 August 2019.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.

LT Lead Officer Signature: _____



Section 151 Officer

Background Papers: -

None.

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