

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 2 DECEMBER 2008

Title:

BANKING CONTRACT

[Portfolio Holder: Cllr Mike Band]

[Wards Affected: All]

Summary and purpose:

The purpose of this report is to consider a further the extension of Waverley's contract for the provision of banking services by up to 12-months in the light of the current conditions in the banking sector and to enable the tender to reflect the impact of the recent decision to implement major changes to the Council's cash collection arrangements.

How this report relates to the Council's Corporate Priorities:

An extension to the banking contract should maximise the potential to achieve good value for money from this important contract. The quality of the banking arrangements impacts on other Waverley priorities as many customers make or receive payments from the Council across the full range of services.

Equality and Diversity Implications:

There are no direct implications associated with this report and decision.

Resource and legal implications:

Waverley's 2007-08 budgets for the different elements of its banking arrangements are as follows:

- 1) Bank charges -£26,000
- 2) Charges for receiving debit/credit card payments - £14,000
- 3) Secure Cash counting collected from 4 cash offices - £13,000

The first two amounts would form the basis of the tender for banking services. The cash collection is currently a separate contract and will cease when Waverley closes its cash offices on 31 March 2010.

Background

1. Waverley tendered for the provision of banking services in 1999 and HSBC were awarded the contract commencing 1 April 2000 for an initial period of three years. Previously Lloyds bank operated the contract. The Council approved the extension of this contract for a further 3 years to 31 March 2006 and then a further 2 years to 31 March 2008.

2. In January 2008, the Executive agreed to extend the contract for a further 9 months to 31 December 2008. Since that decision, there have been dramatic events in the banking industry resulting in major uncertainty in the market. Also in October, the Council approved detailed proposals to change the way that cash collection is managed. This will have a significant impact on the banking arrangements.
3. The HSBC is one of the world's biggest banks and have not, so far, reported problems on a scale similar to many other large banks. Overall, officers are satisfied with the service that HSBC have provided and previous benchmarking with other authorities has indicated that the charges are in line with other others.
4. Waverley's Contract Procedure Rules (CPR Q101a) allow contracts to be extended for up to 2 years beyond which, the approval of the Executive is required. Officers are keen to tender this contract on the open market but the conditions need to be right to ensure a wide range of tenders and the potential of achieving competitive prices.

Recommendation

It is recommended that, in accordance with the provisions of Contract Procedure Rule Q101a, the Executive approve the extension of the current banking contract to the 31 March 2010 to coincide with implementation of the changes to Waverley's cash collection arrangements.

Background Papers (DCEX)

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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