

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 2 FEBRUARY 2010

Title:

BANKING CONTRACT

[Portfolio Holder: Cllr Mike Band]

[Wards Affected: All]

Summary and purpose:

The purpose of this report is to consider a further extension to 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 2010-11 budgets for the different elements of its banking arrangements are as follows:

- 1) HSBC bank charges -£23,000
- 2) HSBC charges for receiving debit/credit card payments - £17,000

The bank charges figure reflects the anticipated reduction following the closure of Waverley's cash counters. The transaction charges made by Allpay for receiving cash payments via Post Offices and other outlets is separate to the bank charges and is not the subject of this report.

Background

1. Waverley tendered for the provision of banking services in 1999 and HSBC were awarded the contract commencing 1st 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 31st March 2006, then again a further 2 years to 31st March 2008 then again in December 2008 to 31st March 2010.

2. Since the last extension was agreed by the Executive, there have been dramatic events in the banking industry resulting in major uncertainty in the market. Also, whilst the Council's decision to close its cash offices has been known for some time, it would be more beneficial at the time of tendering the core banking contract for the new cash payment arrangements to have settled in and for reliable data to be available about current activity levels.
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 benchmarking with other Surrey authorities indicates that the charges are currently in line with 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

That, in accordance with the provisions of Contract Procedure Rule Q101a, the Executive approve the extension of the current banking contract to 31 March 2011.

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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Comms/exec/2009-10/020210/028 banking contract