

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 5 APRIL 2016

Title:

BANK ARRANGMENTS CONTRACT RENEWALS

**[Portfolio Holder: Cllr Wyatt Ramsdale]
[Wards Affected: All]**

Note pursuant to Section 100B(5) of the Local Government Act 1972

An annexe to this report refers to exempt information by virtue of which the public may be excluded during the item to which the report relates, as specified in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, namely:-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Summary and purpose:

To approve the proposed contract with HSBC for the Council's banking facility and a contract with Allpay for a transaction receipt handling facility via Post Offices and other outlets.

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

Value for Money: The bank contract forms the basis of the Council's relationship with our bankers. This is a long term relationship and must be competitive and efficient to underpin the Council's business and finances.

Financial Implications:

Waverley's 2016/17 budgets incorporated the cost of both the HSBC and All pay contracts, with the savings achieved through the proposals in this report being included in the Star Chamber totals under Finance.

Legal Implications:

The letting of these contracts complies with the Council's Contract Procedure Rules and has been reviewed by the Legal team.

Introduction

1. The Council's main bank relationship is with HSBC who provide money transmission services and credit facilities. The Council also contracts with Allpay, a transaction handling company for receiving cash payments via Post Offices and other outlets. Both contracts require renewal.

HSBC contract

2. HSBC have been Waverley's bankers since they were appointed in 2000 following a tender exercise. Whilst changing the Council's bank would require a major project with costs and risks attached, officers would be keen to tender the contract if the Council was not receiving a good quality service at a competitive price.
3. Officers commissioned a review of Waverley's banking arrangements by one of the specialist local authority banking consultants in the market, Focus on Banking, on an invest to save basis. The company used its extensive market knowledge and benchmarking data to compare Waverley's arrangements to the market to help inform whether a negotiation with HSBC or a full tender process would give the Council the best advantage in the future. Their report determined that a negotiation of the banking service would deliver a competitive proposal that was cost effective and it suggested a number of areas where officers could focus their discussions.
4. These areas have been renegotiated resulting in a reduction on overall banking costs. A comparison of the renegotiated tariffs to current tariffs is given in (Exempt) Annexe 1.

Allpay contract

5. The contract has been tested within the SEC framework agreement (South East Consortium), where the tendering exercise clearly identified Allpay as the 'best' provider taking into account price as well as quality. The Allpay renewal price proposal compared against current prices will generate a saving of around £10,000 pa. This consists largely of Paypoint transactions (the price reduced by 20%) and Post Office transactions (the price of which is also reduced, albeit marginally). It is proposed to contract for 4 years.

Recommendation

It is recommended that the Executive approves the proposed contract with HSBC for the Council's banking facility, and a contract with Allpay for a transaction receipt handling facility via Post Offices and other outlets.

Background Papers

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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