

## Delegated Officer Report

**Decision Maker:** Anne Ryans, Director of Finance

**Date of Decision:** 31 July 2019

**Subject:** Banking Contract Extension

**Report Author:** Lee Walsh, Finance Manager

**Ward (s):** All

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**Reason for the decision:** The purpose of the report is to formally gain approval for the awarding of the 2 year extension option within the banking contract.

**Summary:** Oldham Council's current contractual banking provider is Barclays Bank PLC. The original procurement was undertaken in 2013 via the Chest (DN77049) using the OJEU open procedure. Four bids were accepted and through the evaluation process Barclays Bank PLC was selected as the successful bidder.

The contract was awarded in April 2014 for a 5 year period ending on 31 July 2019 with the option to extend for a further 2 years. The award of the contract followed a 6 month period of identifying all transactional flows and services affected by the change in banking provider.

Barclays Bank provide Oldham Council with all daily transactional banking requirements for over 100 accounts linked to schools and services. Systems are built and designed to support the information received from Barclays to ensure timely allocation of all income and expenditure.

The initial contract value was approximately £160,000 over the 5 year period based on estimates levels of transactions included in the tender and provided significant savings compared to the

previous banking provider. Based on actual transactional costs the contract value for the 5 year period has been £189,000. It is anticipated that the 2 year extension will involve expenditure of approximately £80,000.

The initial 5 year contract period ended on 31 July 2019 and is now currently operating within the extension period. The Finance Service recommends the formal approval of the 2 year extension period. The expiry date of the extension period would be 31 July 2021.

***What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):***

Option 1 - To approve the award of the 2 year extension to Barclays Bank PLC who are currently providing a high quality service that fits with current systems.

Option 2 – Not to formally award the 2 year extension to the Barclays Bank contract. Due to the need of the service and the value of the contract a new tender exercise would be required. This would take at least 6 months to complete due to the volume of accounts and services that use Barclays bank to receive income and expenditure.

***Consultation: including any conflict of interest declared by relevant Cabinet Member consulted.***

None

***Recommendation(s):***

The preferred option is to approve Option 1 presented in this report, thus enabling the Council to continue its relationship with Barclays Bank PLC for the provision of transactional banking services.

***Implications:***

***What are the financial implications?***

The fees associated with the banking contract are based on number of transactions processed via the bank. Based on current actual transactions it is anticipated that the banking charges will be £40,000 per year, a total of £80,000 over the 2 year extension.

The budget available is within Capital & Treasury held in Agresso within R44403 (Services –Bank Charges) 12101 (Corporate Expenses) and can accommodate the ongoing cost of the banking contract.

(Talei Whitmore – Senior Accountant)

***What are the legal***

There is provision within Rule 17.1 (a) of the

*implications?*

Council's Contract Procedure Rules to modify a contract in circumstances where the original tendered contract provides clauses listing the scope of the possible modifications and the conditions under which they may be used and provides that any such modifications would not alter the overall nature of the contract. The option to extend the existing banking contract is within the terms of the original tendered contract.

(Elizabeth Cunningham Doyle - Solicitor)

What are the **procurement** implications?

The Commercial Procurement Unit supports the approval of option 1 as it currently represents the best commercial solution. The supplier has provided a high quality service and the extension will ensure seamless uninterrupted delivery. During the extension years Procurement will work alongside Finance to re-procure this service identifying a commercial model that will achieve best value for the Council and adopting a process that will comply with the Council's Contract Procedure Rules and EU Regulations.

(Emily Molden – Senior Category Manager)

What are the **Human Resources** implications?

N/A

**Equality and Diversity Impact Assessment** attached or not required because (please give reason)

There are no perceived implications resulting from this contract on equality and diversity within the Borough.

What are the **property** implications

N/A

**Risks:**

There are considerable risks to the security of the Authority's resources if appropriate strategies and policies are not adopted and followed. The risk management of the banking contract is currently included within the Treasury Management Practices and Treasury Management Strategy, which is monitored by the Capital & Treasury team. Financial Institutions are monitored daily and reports / alerts received of any concerns of financial stability of banks received via the Council's external Treasury Management Advisors.

**Co-operative agenda**

The recommended contract extension supports the actions of a co-operative Council delivering good value services to support a co-operative borough

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Has the relevant Legal Officer confirmed that the

Yes

recommendations within this report are lawful and comply with the Council's Constitution?


Has the relevant Finance Officer confirmed that any Expenditure referred to within this report is consistent with the Council's budget. Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council? No

**List of Background Papers under Section 100D of the Local Government Act 1972:**

**There are no background papers for this report**

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<b>Report Author Sign-off:</b>	
	
<b>Date:</b>	
31/7/19	

In consultation with Director/Executive Director

Signed : A.T. Ryans Date: 31/7/19