


NOTICE OF DECISION OF DELEGATED OFFICER

In accordance with the Council's Constitution - Section, Responsibilities for Functions, the following decision has been made :

Subject	Decision	Reason for decision	Date for Decision to be taken
Provision of Banking and Card Acquiring Services	Lot 1 - for Banking Services - Awarded to Lloyds Bank Plc Lot 2 - for Card Acquiring Services - Awarded to Global Payments (our current service provider)	The Council is required to tender for the provision of banking and card acquiring services. The contract will be awarded for a period of up to 7 years in accordance with the approved evaluation model.	6 th December 2013

I confirm that the appropriate Statutory Officer/Cabinet Member consultation has taken place with regard to this decision.

Dated: 9th December 2013

Signed: 

Officer: Tracey Southall,
Chief Financial Officer

WYRE FOREST DISTRICT COUNCIL

DELEGATED DECISION FOR BANKING CONTRACT AWARD

6TH DECEMBER 2013

Provision of Banking and Card Acquiring Services

OPEN	
SUSTAINABLE COMMUNITY STRATEGY THEME:	Stronger Communities
CORPORATE PLAN THEME:	Delivering Together With Less
CABINET MEMBER:	Cllr Nathan Desmond
RESPONSIBLE OFFICER	Chief Financial Officer
CONTACT OFFICER:	Tracey Southall tracey.southall@wyreforestdc.gov.uk
APPENDIX 1 EXEMPT APPENDIX 2	Evaluation Process <i>Evaluation Results (not for publication)</i>

1. PURPOSE OF REPORT

- 1.1 To note the award of the Banking and Card Acquiring Services contracts made under previously granted delegated authority by the Chief Financial Officer in consultation with the Cabinet Member for Resources and Transformation.

2. SUMMARY

- 2.1 In accordance with the approved evaluation model the following contract awards have been made:
- 2.1.1 Lot 1 – for Banking Services has been awarded to Lloyds Bank PLC;
- 2.1.2 Lot 2 - for Card Acquiring Services has been awarded to Global Payments (our current service provider);
- 2.1.3 Following the formal contract award and in accordance with normal procurement procedures the Council will enter into both contracts for up to a seven year term.

3. BACKGROUND

- 3.1 The Council's current banking services provider is the Co-operative Bank plc. The initial contract for these services was awarded following competition and commenced on 1 April 2003, for a 5 year period, this was extended by 2 years to 31 March 2010. Following a further competitive process the Co-operative Bank was awarded the current contract for a further 4 years ending on the 31 March 2014 in January 2010.

- 3.2 While the tender process was in progress the Co-operative Bank notified all local government customers that it was withdrawing from their banking service agreements in due course and would not therefore be submitting tenders. They assured customers of their full cooperation in migration to other banks.
- 3.3 Focus on Banking, were engaged at the relatively modest cost of £6,800 to review the banking arrangements, (including card acquiring services) and assist with tendering the banking contract. This company did a similar exercise recently for Worcestershire County Council and have worked with many other Councils and secured ongoing savings using their specialist market knowledge and expertise. They have worked in close liaison with the Council's accountancy, legal and procurement teams.
- 3.4 The pricing aspect of the evaluation included value dating, proposed debit/credit interest rates, and all other relevant factors
- 3.5 Delegated authority to award the tenders following evaluation in accordance with the approved criteria was awarded by the Strong Leader route to provide sufficient timeframe from award to inception of the new contract.
- 3.6 Tenders were received and opened on the 5 November 2013, and were subject to a number of clarifications and revisions in accordance with normal procurement rules.

4. KEY ISSUES

- 4.1 The award of the contract was based on a 60/40 for Lot 1 – Banking Services and 80/20 for Lot 2 – Card Acquiring Services - split in favour of price over quality in accordance with the criteria and weightings shown in Appendix 1 approved on September 13 2013.
- 4.2 The detailed results of the evaluation are as shown in the Exempt Appendix 2.
- 4.3 The new contracts will be for 4 years with the option to extend for a further two year period, followed by a further option to extend by one year making a maximum term of seven years.
- 4.4 This change in bank will temporarily increase the workload of accountancy significantly and it is of course essential to get the migration right for this business critical service. In order to allow sufficient time for the additional work that will be generated, it is essential that the tender award is made by the end of December to allow three months for the necessary work to assure a smooth transition over to Lloyds Bank.
- 4.5 There is no change in the Card Acquiring Service Provider as our current provider Global payments won the competitive tender process so this should alleviate the risk during the bank transition period.

6. FINANCIAL IMPLICATIONS

- 6.1 The Council has a combined annual budget for Banking and Card Acquiring Services to cover the costs for the proposed maximum seven year contract. Based on the assumptions in the approved evaluation model, this procurement exercise will save circa £32,000 over the initial four year term for Lot 1 - Banking Services and £2,000 over the initial four year term for Lot 2 - Card Acquiring Services, giving a combined total saving of around £34,000 over the initial four year period.
- 6.2 The cost of the engagement of Focus on Banking to assist us with this procurement process has been more than covered by savings achieved from the new contract awards.

7. LEGAL AND POLICY IMPLICATIONS

- 7.1 As stated in the Councils Contracts Procedure Rules Cabinet Approval is sought for procurements where the value of the purchase is estimated to be in excess of £170,000.
- 7.2 The successful Tenderers will now be required to enter into a formal contract prepared by the Director of Legal Services.

8. RISK MANAGEMENT

- 8.1 The Council has fully evaluated contracts to ensure that they are capable of delivering upon the contract.
- 8.2 The choice of the Council's Bankers is intrinsically linked to the Treasury Management Policy and risk must be mitigated to ensure funds are protected. Members will be aware of the briefings issued as a result of the recent credit rating downgrades of the Co-operative Bank. Appropriate consideration of credit ratings was included as part of the tender process to ensure the Council is protected as far as possible, going forward. In addition to this, the new contract for these Banking and Card Acquiring Services will contain two break-clauses (at 4 and 6 years) to allow a review of the contract should this be deemed necessary. We also intend to reserve the right to terminate the contract should the successful contractor be removed from the Council's counterparty list for investments during the contract period.
- 8.3 The potential for channel shift in the way customers make payments to the Council could influence these contract payments in the future. Tender submissions include standard provision to review charges should such changes in transaction volume be significant and this will be closely monitored throughout the period of the contract.

9. EQUALITY IMPACT ASSESSMENT

- 9.1 This is a financial report and there is no requirement to consider an Equality Impact Assessment.

10. CONCLUSION

- 10.1 The Council was required to tender for the provision of banking and card acquiring services. This tender will be for a period of up to 7 years, potentially to expire 31/03/2021.
- 10.2 Given the value of the contract a full procurement exercise in accordance with EU Regulations has been undertaken using the expertise of Focus on Banking in close liaison with Council officers.

11. CONSULTEES

- 11.1 Cabinet Member for Resources and Transformation
- 11.2 CMT
- 11.3 Procurement Officer
- 11.4 All members for Strong Leader report

12. BACKGROUND PAPERS

- 12.1 Miscellaneous Functions Ctte 11 January 2010
- 12.2 Strong Leader Report and Approval August/ September 2013

1 Evaluation Process for Banking Contract and Card Acquiring Services – Previously Approved

1.1 The evaluation of each Lot will be a two stage process as follows:

1.2 Stage 1 – Selection Criteria

Tenders will be evaluated on being able to meet the mandatory requirements detailed within the questions at Section 1 (Lot 1) and Section 4 (Lot 2) of the Response Document. Tenders that fail to meet any of the mandatory requirements shall be rejected at this stage and eliminated from the process. Tenderers that meet the mandatory requirements shall then go forward to be assessed against the criteria described below.

1.3 Stage 2 – Evaluation Criteria

Tenders that pass Stage 1 will progress to Stage 2 and be assessed based on the following weightings/criteria:

Lot 1 – Banking Services	
Price – 60%	
Estimated Price over the contract period will be based on the proposed tariffs applied to the indicative transaction volumes plus the Council's estimated cost of moving bank (which will depend on the implementation proposals). Responses provided to the pricing questionnaire will also be used to adjust the overall price for comparison purposes.	
Quality - 40% (broken down further into the following sub-criteria)	
Internet banking service (based on responses to questions at 2.2 of the Response Document)	15%
Implementation (based on responses to questions at 2.3 of the Response Document)	10%
Basic service requirements (based on responses to questions at 2.4 of the Response Document)	10%
Relationship Management & Innovation (based on responses to questions at 2.5 of the Response Document)	5%

Lot 2 – Card Acquiring Services	
Price – 80%	
Estimated Price over the contract period will be based on the proposed tariffs applied to the indicative transaction volumes plus the Council's estimated cost of moving the arrangements (which will depend on the implementation proposals). Responses provided to the pricing questionnaire will also be used to adjust the overall price for comparison purposes.	

Quality - 20%	
Proposals for delivery of the service based on responses to questions at 5.2 of the Response Document).	20%

1.4 Scoring Methodology - Price

1.4.1 The Tenderer with the lowest submitted total price will receive the maximum price score (i.e. 60 for Lot 1 and 80 for Lot 2). Prices of the other Tenderers will be scored based on the following formula:

$$\frac{\text{Lowest submitted total price}}{\text{Tenderer's submitted total price}} \times 60 \text{ (Lot 1) or } 80 \text{ (Lot 2)}$$

Scores will be calculated to 1 decimal place.

1.5 Scoring Methodology - Quality

1.5.1 Responses to each question raised in the quality questionnaires will be assessed and marked separately by individual members of the evaluation panel in accordance with the following scoring chart.

Score	Criterion
0	Question not answered.
1	Very poor
2	Poor
3	Satisfactory
4	Good
5	Excellent

1.5.2 Each question has been given an individual weighting to signify its relative importance. The weighting (which is indicated in the 'Evaluation Guide' section of each question) is based on the following:

Importance	Weighting
High	3
Medium	2
Low	1

1.5.3 The score awarded for each question will then be multiplied by the weighting to give the weighted score.

1.5.4 The following calculation will determine the quality scores for the Lot 1 sub-criteria (see 1.3 above)

$$\frac{\text{Total weighted scores}}{\text{Maximum possible weighted score}} \quad \times \text{Sub-Criteria Weighting}$$

Scores will be calculated to 1 decimal place.

The calculated scores for each sub-criteria will be added together to give a total Quality Score.

1.5.5 The following calculation will determine the quality scores for Lot 2

$$\frac{\text{Total weighted scores}}{\text{Maximum possible weighted score}} \quad \times 20$$

Scores will be calculated to 1 decimal place.