

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet 14 December 2006
AUTHORS: Chief Executive / Chief Accountant

BANKING SERVICES

Purpose

1. To seek the Cabinet's approval to accept a single tender for the execution of work in accordance with Contract Standing Order 4.5.

Background

2. The present five-year contract with the Council's current bankers, HSBC Bank plc, expires on 31 March 2007.
3. The Resources, Staffing, Information and Customer Services Portfolio Holder considered at his meeting on 12 September 2006 the following options:
 - (a) Going out to tender which would involve a significant amount of senior staff time in tender preparation and evaluation and, in the event of changing banks, a significant amount of senior staff time in setting up the new banking arrangements and changing computers programs and stationery. At the same time, just under half of our present bank charges relate to direct debits and credits which go through the Bankers Automated Clearing System (BACS) and HSBC simply pass on BACS charges to us. There should, therefore, be little, if any, variations in the charges for direct debits and credits between one bank and another.
 - (b) Negotiating with our present Bank.
4. The Portfolio Holder decided that negotiating with our present Bank was the best way forward but subject to the use of banking consultants who have worked with other local authorities and have detailed knowledge of the charges of various banks. The consultants would benchmark the proposed charges from HSBC to provide a basis for negotiation to ensure that the terms are competitive. This is the same procedure as used previously in 2002 when the consultants cost £1,000.

Considerations

5. The service provided by HSBC is considered to be satisfactory and good working relationships have been established between Council staff and the Bank.
6. Based on present charges, the expected cost of a five year contract is expected to be between £110,000 and £120,000, i.e. about £23,000 per annum. As the total value of the contract exceeds level 2 (£25,000), contract standing order, paragraph 4.5, in the Constitution requires Cabinet or Council approval where a tender is negotiated with a contractor already engaged by the Council and Cabinet/Council consider it desirable in the best interests of the Council.

Options

7. As set out above.

Implications

8.	Financial	Costs to be incorporated in the 2007/08 estimates
	Legal	None
	Staffing	Not significant if the Council negotiates with its present Bank
	Risk Management	None if the Council negotiates with its present Bank
	Equal Opportunities	None

Recommendation

9. That Cabinet approve a five-year contract being negotiated with the Council's current bankers to comply with Contract Standing Order 4.5.

Background Papers: the following background papers were used in the preparation of this report:

Contact Officer: Adrian Burns - Chief Accountant
Telephone: (01954) 713072