



| Classification | Item No. |
|----------------|----------|
| Open           |          |

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| <b>Meeting:</b>                        | Cabinet                              |
| <b>Meeting date:</b>                   | 26 May 2021                          |
| <b>Title of report:</b>                | Banking Services Procurement Process |
| <b>Report by:</b>                      | Leader – Finance & Growth            |
| <b>Decision Type:</b>                  | Key Decision                         |
| <b>Ward(s) to which report relates</b> |                                      |

### **Executive Summary:**

The report sets out the approach for the procurement of the Council's contract for banking services in collaboration with GM and wider participating authorities for which Bury are acting as Lead Authority.

### **Recommendation(s)**

**That:** Cabinet is asked to:

- Approve the collaborative procurement strategy and Bury's role as Lead Authority;
- Authorise the Joint Chief Finance Officer, in consultation with the Cabinet Member (Finance and Growth) to award the framework and subsequent call-off contract and facilitate the execution, implementation and operation of the contract.

## **Key considerations**

### **1. PURPOSE OF REPORT**

The purpose of this report is to outline the strategy for the re-procurement of the Council's banking services contract and to seek formal approval for Bury Council to act as Lead Authority for the procurement of a public sector collaborative framework agreement for the provision of a range of banking services. The framework will establish the terms on which individual call-off contracts can be made with the appointed service provider.

### **2. BACKGROUND**

The council has a requirement for banking services to support operational and transactional business in relation to the financial management of income and expenditure and to deliver effective treasury management. Core banking services are currently provided via a five plus two year contract with Barclays Bank awarded in 2015 following a collaborative approach to the market by Bury, acting as Lead Authority on behalf of a group of organisations (GM and associates). The contract with Barclays will expire at the end of January 2022 and, in compliance with Public Contracts Regulations 2015, a competitive procurement process is now required to identify the best value provider for the council.

### **3. RECOMMENDATIONS**

- 3.1 To approve the decision for Bury Council to act as the Lead Authority for the procurement of a banking services framework on behalf of GM and other named Contracting Authorities;
- 3.2 To approve the proposed procurement strategy to conduct an open procurement procedure to create a framework from which participating organisations will be able to issue call-off contracts in accordance with their current contract end dates; and
- 3.3 To authorise the Joint Chief Finance Officer, in consultation with the appropriate Cabinet Member, to award the framework and subsequent call-off contract and facilitate the execution, implementation and operation of the contract.

### **4. REASONS FOR THE DECISION**

- 4.1 Achievement of Best Value for Money

- Consolidating requirements and spend across a number of organisations to create an attractive package of business to present to the marketplace will drive out the best commercial terms.
- A collaborative approach reduces duplicated effort across GM resulting in better use of resources. Bury benefits from access to frameworks and contracts established by our GM partners and it is important that we make a positive contribution in order to reap the benefits that collaborative procurement brings.
- The opportunity to maximise social value from the contract is enhanced by the greater significance of the contract to the supplier and through collaboration and the shared objectives of the participants.

## **5. CURRENT POSITION**

5.1 The Council's current banking services contract with Barclays Bank plc is due to expire on 31<sup>st</sup> January 2022. Although the current contract has operated effectively and there are no performance issues or concerns, in order to comply with public procurement legislation (PCR2015) and to ensure the authority is able to demonstrate best value for money in public spending, it is necessary to conduct a competitive procurement process to identify the most appropriate supplier with which to contract for our future requirements.

5.2 The Council's current contract commenced 1<sup>st</sup> February 2015 for a period of five years with an option to extend for a further two years. Following a review of performance and value for money, the contract was extended and consequently now expires on 31<sup>st</sup> January 2022.

5.3 The contract was awarded through a framework established by Bury Council, acting as Lead Authority, on behalf of GM and other Participating Authorities in November 2014. In total, fifteen organisations issued call-off contracts under the collaborative framework. The value of the collaborative framework approach in consolidating spend and presenting an attractive package of business to the market has been demonstrated in terms of the competitiveness of the charges applied, the quality of service delivered and the extent of additional social value that has been achieved over the course of the contract period.

## **6 PROCUREMENT APPROACH**

6.1 As with all public sector procurement, the procurement process must comply with Public Contracts Regulations 2015 (PCR2015) and demonstrate best value for money.

6.2 In determining the appropriate procurement route, consideration must be given to the value of the contract to be awarded and the alternative compliant

processes. In broad terms, the basic options in this case are to either use an existing public sector framework agreement to award a call-off contract (through further competition or direct award, depending on the particular framework call-off options) or to conduct a bespoke competition in accordance with Public Contracts Regulations 2015. These two options were considered as follows:-

#### **6.2.1 Use of an existing public sector framework**

A review of the established Public Sector Buying Organisations options revealed that there were no current frameworks available for core banking services. Frameworks covering elements of financial services such as procurement cards and merchant acquiring services are available, but these do not cover core banking services and are therefore unable to meet our requirements. A single source banking and finance framework established by the Technology Procurement Association (a non-profit organisation) was identified. As a single source framework this option excludes a competition, and given the attractiveness of the collaborative opportunity and the scope to use competition to leverage the best possible deal from the market, this option was not deemed consistent with the delivery of best value for money.

#### **6.2.2 Run our own competitive procurement process**

This involves the creation of a bespoke Invitation to Tender (ITT) covering the requirements of the participants to be issued to the market in accordance with public procurement legislation.

Procuring a bespoke framework allows us to ensure that key requirements, such as the delivery of additional social, environmental and economic benefit, are embedded within the contract.

A number of alternative procurement procedures are prescribed in PCR2015. The default procedure is known as the Open Procedure. This allows any interested supplier to view and submit a tender in response to the invitation issued by the buyer. The Open Procedure is appropriate for this procurement given the relatively limited number of suppliers capable of meeting the qualifying criteria that will be laid out in the Contract Notice and the ITT.

#### **Do nothing**

This is not an option as the Council relies on banking services in order to operate. The current contract expires 31<sup>st</sup> January 2022 and failure to re-procure in accordance with public procurement legislation presents unacceptable legal challenge and value for money risks.

#### **Recommended Option**

Given the absence of acceptable existing framework options, the creation of a bespoke framework, from which individual participating organisations will be able to call-off their own contracts, represents the most appropriate procurement option.

The advantages of running our own competitive process to procure a collaborative framework on behalf of GM and other participating organisations include the following:-

- Harnessing the requirements of multiple organisations allows us to present a more attractive proposition to the market which will encourage competition;
- Acting on behalf of other participants means we reduce duplication of effort and minimise procurement costs across the collaboration;
- Conducting a common process and jointly developing the specification of requirements allows us to share best practice and learn from others;
- Having a common service provider creates opportunities for further collaboration and joint working;
- Provides greater opportunities to maximise social value across the collaborative by sharing intelligence and working together;
- Opportunities to collaborate on innovations and secure best commercial terms on new product or service developments through shared contract management intelligence and joint negotiation.

6.5 The procurement of a bespoke collaborative framework has therefore been identified as the best value option for the Council's procurement of banking services. As Lead Authority for the previous successful procurement process, we have both the experience and support from participants to repeat this task.

6.6 The proposed procurement process is fully compliant with PCR2015.

6.7 The maximum value of the framework will be set at £5 million. The estimated value of Bury Council's call-off contract, based on a five-year contract with the option to extend for a further 5 years, and using 2020 transactional volumes, is circa £240k.

## **7.0 CONCLUSION**

7.1 Bury Council will procure a new banking services framework agreement that is open for use by GM councils and other named organisations. This framework can then be used to create call-off contracts by the participating organisations. The framework will be established for a period of four years. Subsequent call-off contracts can be awarded for longer periods. A call-off contract period of 5 years with the option for a 5 year extension is likely to be the most appropriate contract length to maximise value for money.

7.2 The delivery of social value will be an intrinsic element of the framework and incorporated into any subsequent call-off contract.

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## Community impact / Contribution to the Bury 2030 Strategy

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### Equality Impact and considerations:

24. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

*A public authority must, in the exercise of its functions, have due regard to the need to -*

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

25. *The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.*

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### Assessment of Risk:

The following risks apply to the decision:

| <b>Risk / opportunity</b>  | <b>Mitigation</b>   |
|--|---|
| Limited or no tenders received from the call for competition.  | Soft Market Testing has been conducted and regular updates provided to the main market operators.   |
| Costs associated with a change of supplier are not adequately addressed within the evaluation model. | Evaluation model has been structured to include consideration of implementation costs to ensure overall best value for money is achieved. |

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## Consultation:

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## Legal Implications:

The proposed procurement utilising the creation of a bespoke collaborative public sector framework is a cost effective and efficient way of proceeding. It is fully compliant with the Public Contracts Regulations 2015.

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## Financial Implications:

The cost of the contract will not be known until the outcome of the procurement process is finalised. The Council currently has a budget for its banking arrangements, and this will be used to fund any new contract going forward. Work is currently underway within the Council to streamline the number of banking activities utilised and to streamline and consolidate as many processes as possible and this will help minimise the risk of any additional costs for the new contract. The collaborative approach with other Greater Manchester Authorities will ensure that the process and the outcome is as competitive as possible and maximise the opportunity for economies of scale.

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## Report Author and Contact Details:

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## Background papers:

**Please include a glossary of terms, abbreviations and acronyms used in this report.**

| Term    | Meaning                          |
|---------|----------------------------------|
| ITT     | Invitation to tender             |
| PCR2015 | Public Contracts Regulation 2015 |