

Barnsley Metropolitan Borough Council

Officer Decision Record

Record of Decision of the Service Director Finance, (S151 Officer)

Subject

The Council's banking services contract is due to end on the 15th May 2020 and under OJEU legislation it is required to be retendered. The existing banking services contract consists of Corporate Banking, Merchant Services, Payment Service Provider and Procurement Cards. Following a round of soft market testing across all the services to be retendered, it is recommended to split the contract as follows:

1. Corporate Banking (open tender)

The soft market testing exercise confirmed that Corporate Banking suppliers have little interest in the local authority market (the Council received two responses) and no valid procurement framework exists for comparable services. An open tender under OJEU and PCR 2015 regulations is the only viable route to market. The proposal is for a 5 year fixed cost contract with the option to extend for a further 3 years in 1 year increments.

Indicative costs suggest an annual budget of £58k will be required. This is an increase of £30k p.a. compared to the current costs of £28k p.a. The majority of this increase is due to a rise in the BACS transactions cost from 1 pence to 3 pence per line item; the Council currently process just over 1 million line items per year.

The total estimated cost is therefore £464k over the potential 8 year life of the contract; however this will all be dependent on the outcome of the open tender.

The recommendation is to offer the Council's Corporate Banking contract via an open tender.

2. Merchant Services and Payment Service Provider (framework direct award)

The soft market testing found several routes to market. After careful consideration and on the advice of Strategic Procurement, the recommendation is a direct award using the Crown Commercial Services framework. The other options were an open tender, which showed excessively high indicative costs (approx. £160k per annum), or a framework further competition, which although initial costs may appear reduced, the associated implementation expenditure make this option costly.

The current framework expires in February 2020; Crown Commercial Services have advised to not extend the contract beyond this date for a period in excess of 2 years, due to the ever evolving merchant and PSP services market.

The recommendation is to direct award via the Crown Commercial Services framework to the current incumbent supplier. This is to achieve a period of stability while we continue to work towards being PCI DSS compliant.

The contract will expire in 2022; in the run-up all tender options will be fully considered.

The estimated cost is £100k p.a and a total of £200k over the two year contract period. This is comparable to the current costs of the Merchant Services and Payment Service Provider solution, and in line with the current budget allocation of £100k p.a.

3. Procurement cards (excluded from tender)

The procurement card element of the contract is low cost, currently around £4.5k p.a. and only for cash-withdrawal charges. Further to this, through recent discussions with the incumbent supplier, un-utilised functionality has been demonstrated which further enhances the current service.

The soft market test exercise indicated that the proposed improvements to the service were roughly similar to what was already available on the market, thus eliminating solution improvements as a tender driver.

The recommendation is to exclude this element from the tender and continue with the current supplier ensuring we maximise the solutions available to us.

The recommendations detailed above have been taken in consultation with the Information and Digital Services, Strategic Procurement and Finance Commercial Services Departments.

Authority

The authority to approve the recommendation set out above in relation to the retender of the Council's Banking Services contract, in line with the Service Director's Delegated Officer authority powers.

Decision Taken

To approve the recommendations set out above.

Date of Decision

Insert the date of the decision

Elected Member Conflicts of Interest

Not applicable.

Signature 
Neil Copley (Service Director Finance)
(S151 Officer) 

Signature

**Cabinet Spokesperson
(if required)**

Scan / email the completed form and appendices to the Council Governance Unit and keep the original on the project file