

**NOTICE OF DELEGATION OF DECISION TO CABINET MEMBER BY STRONG LEADER**

Section 15(4) of the Local Government Act 2000, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1<sup>st</sup> December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

I, J-P Campion, as Strong Leader, delegate the decision re Provision of Banking and Card Acquiring Services as detailed in the Forward Plan to the Cabinet Member detailed below:

Nathan Desmond  
Cabinet Member for Resources & Transformation

Dated: 28<sup>th</sup> August 2013

Signed:



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Leader of the Council

**FORM 2**

**NOTICE OF DECISION OF CABINET MEMBER**

Pursuant Section 15(4) of the Local Government Act 2000, as amended by section 63 of the Local Government and Public Involvement in Health Act 2007, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1<sup>st</sup> December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

In accordance with the authority delegated to me, I have made the following decision:

<b>Subject</b>	<b>Decision</b>	<b>Reason for decision</b>	<b>Date for Decision to be taken</b>
<b>Provision of Banking and Card Acquiring Services</b>	<p>2.1 That the Cabinet:</p> <p>2.1.1 approves the Lot 1 tender evaluation model;</p> <p>2.1.2 approves the Lot 2 tender evaluation model;</p> <p>2.1.3 grants delegated authority to the Chief Financial Officer in consultation with the Cabinet Member for Resources and Transformation to award and enter into the Banking Services Contract for up to a seven year term in accordance with the approved evaluation model; and</p> <p>2.1.3 grants delegated authority to the Chief Financial Officer in consultation with the Cabinet Member for Resources and</p>	<p>The Council is required to tender for the provision of banking and card acquiring services. It is suggested that this tender be for a period of up to 7 years, potentially to expire 31/03/2021</p>	<p>28<sup>th</sup> August 2013</p>

**FORM 2**

	Transformation to award and enter into the Card Acquiring Contract for up to a seven year term in accordance with the approved evaluation model.		
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**I confirm that the appropriate statutory officer consultation has taken place with regard to this decision.**

28/08/13

Dated:

Signed:



Councillor:

NATHAN DESMOND, CABINET MEMBER FOR RESOURCES & TRANSFORMATION.

Leader

## WYRE FOREST DISTRICT COUNCIL

### CABINET DECISION FOR STRONG LEADER APPROVAL

28 AUGUST 2013

#### Provision of Banking and Card Acquiring Services

Open	
<b>SUSTAINABLE COMMUNITY STRATEGY THEME:</b>	Stronger Communities
<b>CORPORATE PLAN THEME:</b>	Delivering Together With Less
<b>CABINET MEMBER:</b>	Cllr Nathan Desmond
<b>RESPONSIBLE OFFICER</b>	Chief Financial Officer
<b>CONTACT OFFICER:</b>	Tracey Southall Tracey.southall@wyreforestdc.gov.uk
<b>APPENDICES:</b>	None

#### 1. PURPOSE OF REPORT

- 1.1 Approval of the Cabinet is required by the Contract Procedure Rules to enter into a procurement exercise where the value of the purchase is over £170,000.
- 1.2 To grant Delegated authority to the Chief Financial Officer in consultation with the Cabinet Member for Resources and Transformation to award the Banking and Card Acquiring Services contracts.

#### 2. RECOMMENDATION

- 2.1 That the Cabinet:
  - 2.1.1 approves the Lot 1 tender evaluation model;
  - 2.1.2 approves the Lot 2 tender evaluation model;
  - 2.1.3 grants delegated authority to the Chief Financial Officer in consultation with the Cabinet Member for Resources and Transformation to award and enter into the Banking Services Contract for up to a seven year term in accordance with the approved evaluation model; and
  - 2.1.4 grants delegated authority to the Chief Financial Officer in consultation with the Cabinet Member for Resources and Transformation to award and enter into the Card Acquiring Contract for up to a seven year term in accordance with the approved evaluation model.

#### 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 Focus on Banking, have been 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 are working in close liaison with the Council's accountancy, legal and procurement teams.
- 3.3 The pricing aspect of the evaluation will include value dating, proposed debit/credit interest rates, and all other relevant factors
- 3.4 Delegated authority to award the tenders following evaluation in accordance with the approved criteria is sought as this needs to be done promptly to provide sufficient timeframe from award to inception of the new contract.

#### 4. **KEY ISSUES**

- 4.1 The Original contract was for Banking Services only and as technology for card payments advanced we then worked with HSBC who are the Co-operative Banks' preferred partner. Based on advice from Focus on Banking and the Procurement Officer, the contract is to be let in two Lots, Lot 1 is for Banking Services and Lot 2 is for Card Acquiring Services. Depending on the results of the process these Lots may or may not be awarded to the same contractor.
- 4.2 The estimated annual values of Lot 1 and Lot 2 mean the overall value of the contract over the maximum seven year period exceeds the EU threshold of £173,559 and requires that the contract is subject to a full open procurement procedure in accordance with EU procedures.
- 4.3 The new contract 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 The proposed tender timetable is as follows:

	Date
Draft tender document provided by Focus on Banking (FOB)	6th August 2013
Comments and proposed amendments sent to FOB	By 21st August 2013
Document amended and finalised by FOB	By 30th August 2013
Approval of Tender Process, including evaluation model and delegation to award contract	By 12 <sup>th</sup> September 2013
Open OJEU Notice submitted by WFDC	13 <sup>th</sup> September 2013
Deadline for Tender responses(min 45 days assuming electronic advert)	4th November 2013
Evaluation Reports completed by FOB	18 <sup>th</sup> November
Clarification process/meetings if required	End November 2013
Contract Award	By 8th December 2013

- 4.5 A change in bank would 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 potential additional work that could 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 should the Co-operative Bank be unsuccessful.

## **5 EVALUATION CRITERIA AND SCORING METHODOLOGY**

### **5.1 Evaluation Process**

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

5.1.2 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.

5.1.3 Stage 2 – Evaluation Criteria

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

<b>Lot 1 – Banking Services</b>	
<b>Price – 60%</b>	
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.	
<b>Quality - 40%</b> <b>(broken down further into the following sub-criteria)</b>	
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%

<b>Lot 2 – Card Acquiring Services</b>	
<b>Price – 80%</b>	
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.	
<b>Quality - 20%</b>	
Proposals for delivery of the service based on responses to questions at 5.2 of the Response Document).	20%

## **5.2 Scoring Methodology - Price**

- 5.2.1 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.

## **5.3 Scoring Methodology - Quality**

- 5.3.1 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.

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

- 5.3.2 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:

<b>Importance</b>	<b>Weighting</b>
High	3
Medium	2
Low	1

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

5.3.4 The following calculation will determine the quality scores for the Lot 1 sub-criteria (see 5.1.3 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.

5.3.5 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.

## **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. It is hoped to make savings from this procurement exercise.

6.2 It is also hoped that cost of the engagement of Focus on Banking to assist us with this procurement process will be covered by savings achieved from the new contract award/s. Funding for this can be met from accountancy earmarked reserves initially.

## **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 Tenderer will be required to enter into a formal contract prepared by the Director of Legal Services.

## **8 RISK MANAGEMENT**

8.1 The Council must fully evaluate 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 is



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.

## **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 is required to tender for the provision of banking and card acquiring services. It is suggested that this tender 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 will be 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

11.5 Procurement Officer

## **12. BACKGROUND PAPERS**

12.1 Miscellaneous Functions Ctte 11January 2010