

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**CABINET – 18 NOVEMBER 2014**

Title of report	<b>AUTHORITY TO AWARD BANKING CONTRACT</b>
Key Decision	a) Financial Yes b) Community No
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Purpose of report	To inform Cabinet of the re-tendering of the Council's banking contract commencing on 1 February 2015 and to seek delegated authority to award the contract.
Reason for Decision	The level of potential expenditure exceeds the authority threshold in the Scheme of Delegation.
Council Priorities	Value for Money
Implications:	
Financial/Staff	The use of an established framework contract will allow the most economically advantageous bids to be selected, achieving an efficient service for the Council over the life of the contract.
Link to relevant CAT	Not applicable
Risk Management	Not applicable
Equalities Impact Screening	Not applicable
Human Rights	None discernible
Transformational Government	Not applicable

Comments of Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	As author of the report, the report is satisfactory
Comments of Monitoring Officer	The report is satisfactory
Consultees	None
Background papers	None
Recommendations	<p><b>THAT CABINET</b></p> <p><b>(1) NOTES THE TENDER PROCESS SELECTED FOR THE BANKING SERVICES CONTRACT;</b></p> <p><b>(2) DELEGATES AUTHORITY TO THE CHIEF EXECUTIVE IN CONSULTATION WITH THE CORPORATE PORTFOLIO HOLDER TO AWARD THE BANKING SERVICES CONTRACT.</b></p>

## 1.0 BACKGROUND

- 1.1 Last year a tender exercise was undertaken for the main banking contract and this was awarded in February 2014. The contract expires on 31 March 2016 and provides a facility to terminate the contract after the first year. Since the award of the contract the Council's current banker has signalled its intention to leave the public sector market and has started winding down its services for local authorities. In view of this the Council is retendering the contract utilising an ESPO Framework agreement and this report seeks authority to award the contract for banking services to a new provider.
- 1.2 The intention is to have the new bank account fully functional by 1<sup>st</sup> February 2015 to allow a phased decommissioning of the current bank account by 1<sup>st</sup> April 2015.

## 2.0 TIMESCALES AND EVALUATION

- 2.1 The timescales below have been selected to ensure that the Council changes bankers in a timely manner, whilst securing maximum value for money:

	<b>DATE</b>
<b>Invitation to Tender issued</b>	<b>14<sup>th</sup> October 2014</b>
<b>Deadline for Invitations to Tender</b>	<b>11<sup>th</sup> November 2014</b>
<b>Contract Award</b>	<b>Within 90 days</b>
<b>Contract Commencement</b>	<b>February 2015 in preparation for 1 April 2015</b>

2.2 Tenders will be measured against the evaluation and award criteria set out in Appendix 1. Scores will be weighted 80% for price and 20% for quality. This reflects the need to ensure value for money whilst ensuring the Council continues to receive a good quality of service. The quality scoring does not constitute a major part of the scoring as each supplier has already complied with a quality scoring matrix agreed as part of the ESPO Framework. A detailed and thorough evaluation of the tenders that were submitted was completed by ESPO officers. A summary of the Council's service specification is attached at Appendix 2 to provide further context. The Post Office and Paypoint contract is separate to the main banking contract and is unaffected by the intended change to the Council's bankers.

2.3 The contract is being let for a fixed term of five years.

### **3.0 FINANCIAL IMPLICATIONS**

3.1 The anticipated expenditure over the five year period is approximately £125,000 to be met from existing budgets.

3.2 The focus of this procurement is on ensuring that robust banking services continue to be provided to the Council. Until the tenders are evaluated it would be unwise to assume there will be savings from the new contracts.

## PROCUREMENT PROCESS AND EVALUATION CRITERIA

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### Overview

North West Leicestershire District Council is using this invitation tender to conduct a further competition exercise underneath ESPO Framework Agreement reference 384-14 for the provision of General Banking Services.

All suppliers awarded on Lot 1 (General Banking Services) of the framework are invited to submit a tender. All tenders received (that are compliant i.e. submitted in accordance with the tendering instructions) will be evaluated in accordance with the evaluation criteria as set out below.

Tenders should be prepared and submitted (using Part B of this Invitation to Tender document) in accordance with section 5, Instructions for submitting a tender of this document.

At North West Leicestershire District Council's discretion, tenderers may be invited to clarify their tender, as an aid for evaluators to fully understand their offers. All tenderers should nonetheless take care to fully explain their offering in their tender submission.

The framework will be awarded to the tenderer which scores the highest marks following the evaluation of all tenders (in accordance with the scheme described in section 4, Evaluation of Tenders).

### Indicative Procurement Timetable

The following indicative timetable is provided for tenderers' benefit. Please be aware that these are indicative timescales (with the exception of the deadlines in bold) and may be subject to change at the absolute discretion of North West Leicestershire District Council.

Stage / Activity	Indicative Date
<b>Invitation to Tender document issued</b>	<b>From 14/10/2014</b>
<b>Closing date for clarification questions</b>	<b>07/11/2014</b>
<b>Closing date for submission of tenders</b>	<b>11/11/2014</b>
Preliminary evaluation of tenders	20/11/2014
Contract award	02/12/2014
Contract start date	01/02/2015

## EVALUATION OF TENDERS

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### Overview

All completed tenders received will be evaluated by officers of North West Leicestershire District Council (as appropriate).

In order to be transparent, and in order that tenderers fully understand how their tender submission will be evaluated, full details of the evaluation process are described below. Should any tenderer not understand any element, they should in first instance make contact with North West Leicestershire District Council as per the contact details on page 6.

The following price and quality weightings will be used to determine the most economically advantageous tender:

- Quality [20%]
- Price [80%]

The methodology for evaluating tender submissions against these criteria is as follows:

### Price 80%

Price (annual cost) accounts for 80 % of the total tender score.

### Annual Costs 80%

As part of this assessment, tenderers are required to outline their annual cost in the Pricing Schedule included in the Tender Submission Document. A full breakdown on how the annual cost has been derived must also be provided (e.g. for all transaction types and services).

Price scores will be calculated based on the lowest price or percentage submitted by tenderers. The tenderer with the lowest price or percentage will be awarded the full amount of points available; with the remaining tenderers gaining pro-rated scores in relation to how much higher their price or percentage is when compared to the lowest price or percentage.

The example below illustrates how this methodology will work in principle:

<b>Tenderer</b>	<b>Price</b>	<b>Formula</b> = Lowest Price / Tenderers Price x Price Score	<b>Price Score</b>
A	£20,000	= £20,000 / £20,000 x 80	80
B	£25,000	= £20,000 / £25,000 x 80	64
C	£30,000	= £20,000 / £30,000 x 80	53

Please note that:

- Any tender that is found too low to be credible will be excluded from further consideration. In this instance, North West Leicestershire District Council will initially clarify with the

tenderer whether the pricing is correct and has been interpreted correctly. As part of the clarification, evidence will be required to demonstrate that the charges are accurate, achievable and sustainable. If following the clarification, any charge is found to be abnormally low, that tender will be rejected in accordance with the Public Contract Regulations 2006 regardless of how many points it scores in all other aspects.

- Any tender which is found to be too high to be acceptable will be excluded from further consideration. In this instance, North West Leicestershire District Council will initially clarify with the tenderer concerned whether the pricing is correct and has been interpreted correctly. If following the clarification, any charge is found to be too high to be acceptable, that tender will be rejected in accordance with the Public Contract Regulations 2006 regardless of how many points it scores in all other aspects.
- In order to assess your bid the Council will apply the following weightings to the financial award criteria.

<b>Charges</b>	<b>% Weighting</b>
<b>Fixed Commission Charges:-</b>	<b>25%</b>
Automated Credits	
Manual Credits	
Notes Paid in	
Bagged Coin	
Cash/Coin Exchanged at Post Office	
Cheques Paid In – Un-encoded	
Cheques Paid In - Encoded	
Automated Debits	
Manual Debits	
Notes Out	
Coins Out	
Unpaid Items	
<b>BACS Charges:-</b>	<b>30%</b>
BACS Transactions Credits	
BACS Transaction Debits	
BACS Files Credits	
BACS Files Debits	
<b>Overdraft and Daylight Exposure:-</b>	<b>20%</b>
Net limit Overdraft Facility of £300,000	
Daylight Exposure Fee (Annual uncommitted facility fee)	
<b>Direct Debit Origination Fees (for charge purposes):-</b>	<b>1%</b>
DD2012 Origin Annual Fee – Current 3 Licenses	
<b>Unpaid/General Charges/Reconciliation Services:-</b>	<b>10%</b>
Unpaid Cheques	
Stopped Cheques	
BACS Traces	
BACS Recalls	
Reconciliation Download Facility	
Debit Interest	
Reconciliation Services	
<b>Faster Payments &amp; CHAPS;_</b>	<b>10%</b>

Manual Debits	
CHAPS (via Electronic FMS)	
CHAPS (manual-request through bank)	
Faster Payments	
Rejected Faster Payments	
<b>Electronic Financial Management System:-</b>	<b>3%</b>
<b>OTHER - Please List Any Additional Charges Below:-</b>	<b>1%</b>
Cheque Encashments	
	<b>100%</b>

### Quality 20%

Quality accounts for 20 % of the total tender score. Tenderers will be asked to provide a response to the following sections within the Tender Submission Document.

<b>Section</b>	<b>Total Score Available</b>
Company Details	Information Only
Compliance with Specification	Pass / Fail
Method Statements	250

Please note that the 'Compliance with Specification' section will be assessed on a Pass/Fail basis. Therefore if a tenderer cannot or is unwilling to comply with the specification, their tender will be deemed as non-compliant and will be excluded from further consideration.

The method statement section will be assessed by reference to a number of method statements prepared by the tenderer, in response to questions posed. There are 14 method statements, with each of these having an individual weighting as shown alongside each method statement question (more information is provided below).

When completing the method statement questions tenderers must make sure that they answer what is being asked. Anything that is not directly relevant to the particular method statement or question should not be included, but wherever possible tenderers should demonstrate how they will go further than what is being asked for, to add value.

Tenders should also make sure that their answers inform not just what they will do, but how they will do it, and what their proposed timescales are (as relevant). It is useful to give examples or provide evidence to support your responses. Tenderers are encouraged to use the word count allowed to answer each method statement as fully as possible. The purpose should be to include as much relevant detail as required, so that the evaluation panel gets the fullest possible picture.

Each method statement will be evaluated individually, one by one in order. When scoring each statement, no consideration is given to information included in other answers so please do not cross reference to responses or information provided elsewhere in your tender submission.

The qualitative evaluation of submissions will be weighted as illustrated in the table below:

<b>Question</b>	<b>Section</b>	<b>Maximum Score per Question 5</b>	<b>Weighting</b>	<b>Maximum Points Available</b>
1	Summary of Service Delivery	5	3	15
2	Cheques	5	4	20
3	Balances	5	5	25
4	Statements and Electronic Banking Facilities	5	5	25
5	BACS/CHAPS facilities	5	5	25
6	Debit and Credit Card Facility	5	2	10
7	Cash Drop and Outlying Facilities	5	3	15
8	Financial Protection and Remedies	5	2	10
9	Integration with North West Leicestershire District Councils Systems	5	5	25
10	Servicing Team	5	2	10
11	Service Level Agreement	5	3	15
12	Added Value	5	3	15
13	Implementation/Change Over	5	5	25
14	Relationship Manager	5	3	15
<b>Maximum Points Available</b>		<b>250</b>		

The maximum points attributable to any one submission in the quality evaluation model are 250

The qualitative assessment will form 20% of the award.



## Scoring Scale

Method statement responses will be assessed on a scale of 0 to 5 points, as detailed in the table below:

Assessment	Score
<b>Very Poor</b> – either no answer is provided or the answer completely fails to demonstrate that any of the Councils key requirements in the area being measured will be delivered	0
<b>Poor</b> – provides only limited assurance that the Councils requirements in the area being measured will be delivered	1
<b>Barely Adequate</b> – demonstrates how some of the Councils requirements in the area being measured will be delivered so as to provide a basic service that will be reasonably responsive to the needs of residents, the Councils and other stakeholders	2
<b>Satisfactory</b> – demonstrates how most of the Councils requirements in the area being measured will be delivered so as to provide an acceptable service that will mostly be responsive to the needs of residents, the Councils and other stakeholders	3
<b>Good</b> - demonstrates how all of the Councils requirements in the area being measured will be delivered so as to provide a good service that will be responsive to the needs of residents, the Councils and other stakeholders	4
<b>Very Good</b> - demonstrates clearly how all of the Councils requirements in the area being measured will be fully delivered so as to deliver an excellent service that will be highly responsive to the needs of residents, the Councils and other stakeholders	5

**Failure to score a minimum of 3 for all questions will result in the bid being disqualified.**

## Weightings

Tenderers scores for each method statement will be multiplied by the relevant weighting to result in a 'weighted score' for that method statement. The weighted scores will then be totalled, with the total expressed as an overall score of 20.

This is detailed in the table below.

Method Statement	Weighting	Max Points Available	Tenderer Score	Tenderer Weighted Score
Q1	3	15		
Q2	4	20		
Q3	5	25		
Q4	5	25		
Q5	5	25		
Q6	2	10		
Q7	3	15		
Q8	2	10		
Q9	5	25		
Q10	2	10		
Q11	3	15		
Q12	3	15		
Q13	5	25		
Q14	3	15		
<b>Total Weighted Score:</b>		250		
<b>Total Weighted Score expressed out of 80 ((50/250)*20)</b>				

**SUMMARY SPECIFICATION**

**1. Details of Main Bank Accounts**

North West Leicestershire District Council maintains one principal banking account which is used for the following purposes.

- As a Payments Account – used for outgoing payments made by North West Leicestershire District Council,
- As a Direct Credits Account – used for electronic transfers made to North West Leicestershire District Council.
- As a Receipts Account – used for other amounts paid-in and some electronic transfers to North West Leicestershire District Council.
- As a Direct Debit account to allow for the collection of monies such as Council Tax, National Non Domestic rates, Housing Rent etc.

Cash banking facilities (via North West Leicestershire District Council's security company) will be required.

**2. Electronic Banking Facility**

North West Leicestershire District Council requires an electronic banking facility providing the following functions:

- Comprehensive real time balance and transaction data.
- Electronic money transmission such as CHAPS.
- Reconciliation data on the accounts mentioned at (a) which can be downloaded to North West Leicestershire District Council's accounting systems.

**3. Debit/Credit Cards**

North West Leicestershire District Council requires the facility to hold a small number of credit cards (3) linked to the main bank account to allow payments to be made where electronic purchasing is not suitable.

An electronic PDQ machine service is required by our Leisure outlets to facilitate payments by credit and debit card.

**4. Other Services**

The provision of a comprehensive online and telephone help desk facility.

A Relationship Manager to provide a point of contact between North West Leicestershire District Council and the new contract supplier.

The Supplier will be expected to enter into a Service Level Agreement (SLA) with North West Leicestershire District Council. The agreement will outline all of North West Leicestershire District Council's key service areas and detail timescales for providing the service.