



NOT PROTECTIVELY MARKED

Banking Tender

Finance & Resources Committee

Date: 28 March 2014

Agenda Item:

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Submitted By: Chief Finance & Procurement Officer

- Purpose** To set out the arrangements for the replacement of the current banking tender.
- Recommendations**
1. That the Chief Finance & Procurement Officer provides delegated powers to Kirklees Council Officers to negotiate the bank tender on behalf of the Authority.
 2. That the Authority takes account of the impact on the cost of treasury management services when appointing the new bankers.
- Summary** The Authority has been notified by its bankers, The Co-operative Bank, that they intend to withdraw from the corporate banking market. The Authority is joining with the North West Consortium in tendering for banking services under a framework agreement. This report is seeking approval to enable Kirklees Council to negotiate with the bankers on behalf of this Authority.

Local Government (Access to information) Act 1972

Exemption Category: None

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Background papers open to inspection: None

Annexes: None

1 Information

- 1.1 Following the near collapse of the Co-operative Bank in autumn 2013, the bank has reviewed its future market position. This review concluded that it would concentrate on the personal banking market and notified its intention to withdraw from the corporate banking market, including Local Authorities. Whilst it would be willing to continue to provide a banking service to Local Authorities until existing contracts expired, it also made it clear it would not prevent existing customers from breaking current contracts if they wished to do so.
- 1.2 Whilst the Authority has the option to remain with the bank for a further 3 years it is felt that the change in market position could adversely affect the Authority as the bank loses its expertise in the corporate banking field.
- 1.3 It was previously reported that this Authority, along with Kirklees Council who provide the Authority's Treasury mManagement service, would aim to change bankers with effect from 1 January 2016. However, an opportunity has arisen to go to market 9 months earlier.
- 1.4 The North West Association of Local Authorities is proposing to go to tender for a framework agreement for banking services with a proposed implementation date of April 2015. This Authority, along with Kirklees Council, has asked to be part of the tender and has already provided details of its banking requirement to Bury District Council who are leading on the procurement.
- 1.5 The resolution and evaluation of the tender process will require negotiations and discussions with the tendering organisations and the purpose of this report is to enable Kirklees Council to negotiate on behalf of this Authority.
- 1.6 The Committee are aware that the Chief Finance & Procurement Officer is responsible for financial affairs of the Authority and the majority of services are provided in-house by the Authority finance team. The exception to this are specialist services where it is not economic for these services to be provided in-house which includes Treasury Management function. This covers borrowing, investment, cash flow and banking services which is a highly specialised area but would not generate sufficient work to employ an in-house specialist.
- 1.7 However, in order for the Authority to get value for money from this service and to make the best use of the expertise and business relationships, it is recommended that the Authority retains the same bankers as Kirklees Council.

2 Financial Implications

- 2.1 The current cost of the banking tender is around £1,200 plus transaction fees, which is included within the approved revenue budget. In addition, the Authority pay Kirklees a fee of £19,000 to cover the cost of Treasury Management as part of the service level agreement.
- 2.2 It is possible following the tender process that, using the framework contract, the most economic bank for the Fire Authority may not be the same as for Kirklees Council. However, this would result in an increase in the cost of the Service Level Agreement (SLA) owing to duplication of work at Kirklees. It is therefore important, when evaluating the tender, that account is taken of the impact on the SLA.

3 Equality and Diversity Implications

3.1

4 Health and Safety Implications

4.1 There are no health and safety implications arising from this report.

5 Service Plan Links

5.1 The content of this report complies with the Authority's priority to "achieve value for money in managing resources".



NOT PROTECTIVELY MARKED

Wide Area Network Replacement

Finance & Resources Committee

Date: 28 March 2014

Agenda Item:

5

Submitted By: Director of Corporate Resources

Purpose	To update Members on the requirements for replacement of the Wide Area Network (WAN).
Recommendations	That Members approve the use of the Kirklees Council contract to replace the Wide Area Network.
Summary	The Wide Area Network is now nine years old, is not Public Services Network (PSN) compliant and no longer has sufficient capacity to handle the volumes of data passing through it. Kirklees Council have gone through a tender process to replace their Wide Area Network and have awarded the contract. We were offered the opportunity to be included in the tender process and initial evaluation shows the potential for significant savings over the term of the contract.

Local Government (Access to information) Act 1972

Exemption Category: None

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Background papers open to inspection: None

Annexes: None

1 Introduction

- 1.1 The Wide Area Network (WAN) is used to link all the Authority sites to each other to enable data communications and access to systems from any of our sites. The current contract with Virgin Media has been in place for nine years and expired in 2013. Many of the connections between the sites are no longer large enough for the volume of data passing down them resulting in users experiencing slow response times when accessing systems and information.

2 Information

- 2.1 The current WAN is not a PSN compliant network but the replacement will be. PSN Code of Connection was achieved in December 2013.
- 2.2 Procurement through the Yorkshire & Humber PSN was considered. This was awarded to Virgin Media and costs were split into three bands, urban, extra-urban and rural. When these costs were applied to our sites, a larger proportion fell into the extra-urban and rural bands which attracted a higher cost than the urban band. Kirklees Council did a similar exercise and decided to undertake their own tender process as they felt they could achieve greater savings than those offered by the Yorkshire & Humberside framework.
- 2.3 We were offered the opportunity to be a part of the Kirklees tender process and all of our sites were included within the tender specification. Following analysis of the tender returns, Kirklees Council has now awarded the contract to the winning supplier with the formal contract signing taking place at the end of March 2014.
- 2.4 Following analysis of the costs provided by the winning supplier we would need to invest approximately £20,000 in 2014/15 to connect the new services but some of this would be recouped through the termination of the existing services as each one is replaced. Anticipated savings in the following years would be approximately £80,000 per year.
- 2.5 The contract is a five-year contract with the option for re-evaluation after year three.
- 2.6 The new network would provide greater resilience across all our sites and increase bandwidth to every site although size of bandwidth will still be dependent on the usage requirement of the site. For example, the bandwidth between the new Service Delivery Centre (SDC) and Headquarters will be greater than the bandwidth to a retained station as usage is far higher.
- 2.7 Meetings with the new supplier and Kirklees MC to confirm costs and determine a rollout programme are scheduled to take place in March.

3 Financial Implications

- 3.1 As explained in the body of the report there would be investment of £20,000 required in 2014/2015 which would then deliver ongoing revenue savings of £80,000 per annum. These savings will be incorporated within the medium term financial plan.

4 Equality and Diversity Implications

- 4.1 There are no Equality and Diversity implications arising from this report.

5 Health and Safety Implications

- 5.1 There are no Health and Safety implications arising from this report.

6 Service Plan Links

- 6.1 Provide effective ethical governance and efficient environmentally sustainable resource management.

7 Conclusions

- 7.1 The Wide Area Network needs to be replaced by a more resilient network that is PSN compliant and will provide a greater capacity. The tender undertaken by Kirklees Council offers a potential solution that will also provide significant savings over the five years of the contract. It is therefore recommended that Members approve the use of the Kirklees contract to replace our network.