

WIRRAL COUNCIL

PENSIONS COMMITTEE

27 JUNE 2011

SUBJECT:	BANKING CONTRACT
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	
KEY DECISION?	NO

1 EXECUTIVE SUMMARY

- 1.1 This report notes the Cabinet approval to tender for banking services provided to the Council including Merseyside Pension Fund. The current contract with RBS Group can be extended to 31March 2013. However a European Union directive is forcing RBS to divest some of its services to other banks prior to that date. It may therefore be necessary to assign the existing contract to an alternative bank as an interim measure if this divestment takes place before the conclusion of the tender process.

2 RECOMMENDATIONS

- 2.1. That the Pensions Committee notes the agreement to invite tenders for the provision of banking services to the Council including Merseyside Pension Fund
- 2.2. That the Pensions Committee notes the agreement to the extension of the existing contract with RBS Group for the period of the tender process which shall be no later than 31March 2013.
- 2.3. That the Pensions Committee notes that the Director of Finance can agree to the assignment of the existing contract with RBS Group to another bank should RBS divest its services prior to completion of that tender.

3 REASONS FOR RECOMMENDATIONS

- 3.1 The Council needs to make alternative banking arrangements following a European Union directive on the current banker, RBS Group to divest some of its business. In accordance with good procurement practice it is recommended that this be done via open market competition.

- 3.2 It may be necessary to put in place temporary arrangements should RBS Group divest its business before the conclusion of a tender process. Under the terms of the existing agreement RBS Group may have to assign the contract to another bank with the agreement of the Council. It is proposed that the Director of Finance be authorised to agree to this assignment. The invitation of tenders in open market competition will ensure the Council achieves value for money.

4 BACKGROUND AND KEY ISSUES

- 4.1 Following a ruling of the European Union the current banker, RBS Group, needs to divest some of its business to other banks. This could affect who the Council contracts with for the provision of banking services.
- 4.2 The current contract with RBS Group expires on 30 June 2011. However there is provision for it to be extended to 31 March 2013. Discussions with RBS confirm the likely timing of their divestment to be early in 2012.
- 4.3 In accordance with good procurement practice it is proposed to invite tenders in open market competition for the provision of banking services to the Council including Merseyside Pension Fund. It is also proposed to extend the existing contract with RBS Group for the period it takes to conduct this tender, but no later than 31 March 2013. This can be done within the terms of the existing agreement. However should RBS wish to transfer its services to an alternative bank before the conclusion of this tender it may be necessary to assign the existing contract to an alternative bank as an interim measure pending the outcome of the tender. Discussions are ongoing with RBS to determine their timescales and secure continuity of banking services during the procurement process.

5. RELEVANT RISKS

- 5.1 The proposals outlined in this report will ensure the Council has continuity of banking services and achieves value for money through open market competition.

6. OTHER OPTIONS CONSIDERED

- 6.1 Officers examined whether contracts in place in other local authorities could be adopted.

7 CONSULTATION

- 7.1 There is ongoing consultation with RBS Group to ensure there is a seamless transition of banking services.

8. IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 None

9. RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 None

10. LEGAL IMPLICATIONS

10.1 None

11. EQUALITIES IMPLICATIONS

11.1 None

12. CARBON REDUCTION IMPLICATIONS

12.1 None.

13. PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1. There are none arising directly from this report.

FNCE/107/11

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APPENDICES

none

REFERENCE MATERIAL

none

SUBJECT HISTORY (last 3 years)

Council Meeting	Dates
Cabinet	2 June 2011