

Record of officer decision

Decision title:	<p>To approve the continuation of National Westminster Bank plc (NatWest) as the council's banker for a further five year period on existing terms.</p> <p>To also approve the direct award of the provision of procurement cards by NatWest for the same period.</p>
Date of decision:	5 April 2019
Decision maker:	Chief Finance Officer
Authority for delegated decision:	<p>Herefordshire Council's constitution - Scheme of Delegation Part 3 Functions Scheme, Section 7 Officer Functions</p> <ol style="list-style-type: none"> 1. 3.7.6 Delegation to Chief Executive 2. 3.7.13 Sub delegation from Chief Exec to officers 3. Appendix 1 Chief Executive's Scheme of Delegation to Officers – Specific sub-delegation to Chief Finance Officer
Ward:	Herefordshire Wide
Consultation:	None
Decision made:	<p>To continue to use NatWest for money transmission services and credit facilities.</p> <p>NatWest Bank has been the council's banker since the council was formed in 1998.</p> <p>A five year extension would mean that there are no costs associated with a formal tender process or the potential disruption of moving to a new bank.</p> <p>Currently four banks provide full banking services to local authorities (NatWest Bank, Lloyds Bank, Barclays Bank and HSBC). An independent review of the current terms, agreed in 2015, indicates that charges being incurred are lower than those likely to be achieved in a tender exercise.</p> <p>The Council is satisfied with the current level of service therefore a contract extension is proposed.</p> <p>The current contract expires on 31 May 2020 therefore a five year extension would result in an end date of 31 May 2025.</p> <p>In addition the council has completed a twelve month pilot period of the use of procurement cards throughout the council. The use of procurement cards supports the organisation in achieving its outcomes by maximising value from the procurement spend process within a clear framework of accountability and responsibility. As the pilot period is reaching its conclusion an internal audit supports the continuation and further expansion of this procurement method.</p> <p>Therefore to award the provision of procurement cards by NatWest</p>

	until 31 May 2025 via a direct award under CCS framework is recommended.
Reasons for decision:	<p>An independent tariff review has been completed by a specialist in reviewing and tendering local authority banking arrangements.</p> <p>Their benchmark analysis compared the Council's current tariffs against the tariffs likely to be proposed by competitors at tender.</p> <p>The detailed analysis of charges indicated current charges to represent a 5.6% saving based on current usage and services received.</p> <p>A competitor could offer a discount at tender however it is possible that the Council's cost of moving arrangements would be higher than the discount proposed.</p> <p>Four bidders were considered under the CCS framework to provide the council with procurement cards and the highest level of potential rebate if its usage was maximized would be generated by NatWest therefore this is recommended.</p>
Highlight any associated risks/finance/legal/equality considerations:	The total annual cost of the current banking arrangement is approximately £35k pa, this is contained within the existing base budget.
Details of any alternative options considered and rejected:	A tender exercise has been considered and an independent review concluded that this would be likely to result in all banks (including NatWest) to propose higher costs and therefore it is not recommended.
Details of any declarations of interest made:	None

Signed..... Date: 12 April 2019
Andrew Lovegrove, Chief Finance Officer