

## FLINTSHIRE COUNTY COUNCIL

**REPORT TO:**           **AUDIT COMMITTEE**

**DATE:**                   **WEDNESDAY, 29 JANUARY 2014**

**REPORT BY:**          **HEAD OF FINANCE**

**SUBJECT:**              **COUNCIL BANKING ARRANGEMENTS**

### **1.00 PURPOSE OF REPORT**

1.01 The provide Members with a progress report on preparations to tender the Council's banking arrangements.

### **2.00 BACKGROUND**

2.01 Following the Audit Committee meeting of 17<sup>th</sup> July 2013, it was resolved that members of the committee would be informally updated of any progress on the provision of the Council's banking services.

2.02 The Council currently banks with Nat West – a long standing arrangement that has been in place since 1996, with the current contract due to expire in May 2014.

### **3.00 CONSIDERATIONS**

3.01 Officers from the Technical Accounting team met with Procurement colleagues in early October 2013 to discuss the banking tender process and clarify requirements.

3.02 The advice was that a 'mini tender' exercise be completed using a framework agreement that the Eastern Shires Purchasing Organisation (ESPO) were in the process of completing for banking services for public sector bodies to utilise.

3.03 The Council has made extensive use of tendering through ESPO previously. Utilising existing framework agreements is considered a far more efficient and cost effective process than the Council completing its own full tender exercise which is likely to result in the same organisations bidding in any case.

3.04 Unfortunately there have been a number of delays in ESPO completing their tender exercise. In December a progress update was received from ESPO advising that they are finalising the terms of the banking services framework with the aim being to have it up and running in January 2014.

- 3.05 Further discussions were held with Procurement colleagues to establish the potential impact of any delay in the commencement of the ESPO framework. Their advice was to wait for the ESPO framework to be completed.
- 3.06 These delays already experienced, and any further delays, may result in our current banking contract expiring. Contact has been made with Nat West who confirmed that should our contract overrun, the existing contract would continue 'as is' until a new agreement was put in place and that the Council's banking function would not be placed at risk.
- 3.07 Initial local research indicates that there are now only three active participants in the local government banking services market likely to submit a tender – Nat West, Lloyds and Barclays.
- 3.08 Of the other main banks with a high street presence; Santander retain some local government business but the research indicated that the bank hasn't tendered for any new local contracts in the last 5 years, whilst research showed that HSBC do not currently have any local government business and hasn't tendered for any new contracts. The Co Op (the only other bank to submit a tender in 2008) has recently withdrawn from the sector and existing customers have had to make alternative banking arrangements at very short notice.
- 3.09 Meanwhile a cross-directorate group has been set up to discuss the Council's future banking requirements for all Council establishments. The group consists of senior officers from Corporate Finance, IT, Revenues & Benefits, Clwyd Pension Fund and Procurement.
- 3.10 Whilst the Finance Department is responsible for managing the banking function and the contractual and day-to-day relationship with the bank, however the future banking requirements of key stakeholders across the Council must be sought out and given due consideration.
- 3.11 Council establishments' use of petty cash will be considered as part of establishing our future banking requirements. Work commenced in November to review petty cash. The first part of the review addressed minor issues raised by Wales Audit Office following the 2012/13 Statement of Accounts audit. The second part of the review will focus on establishing the different reasons for the use of petty cash across all Council establishments and finding alternative, more modern options to petty cash that are more cost effective.

#### **4.00 RECOMMENDATIONS**

- 4.01 Members are asked to note the report.

**5.00 FINANCIAL IMPLICATIONS**

5.01 None directly as a result of this report.

**6.00 ANTI POVERTY IMPACT**

6.01 None directly as a result of this report.

**7.00 ENVIRONMENTAL IMPACT**

7.01 None directly as a result of this report.

**8.00 EQUALITIES IMPACT**

8.01 None directly as a result of this report.

**9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report.

**10.00 CONSULTATION REQUIRED**

10.01 None directly as a result of this report.

**11.00 CONSULTATION UNDERTAKEN**

11.01 None directly as a result of this report.

**12.00 APPENDICES**

12.01 None.

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985  
BACKGROUND DOCUMENTS**

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