

## **BANKING SERVICES CONTRACT – EXTENSION OF CONTRACT**

**EXECUTIVE MEMBER:** Councillor N Williams, Portfolio Holder for Resources and Local Democracy  
**LEAD OFFICER:** Mrs S Bamforth, Head of Finance and Business Development  
**REPORT AUTHOR:** Mr C Boyce, Legal Services Manager

**Summary and Recommendation:** This report seeks an extension of a contract between the Council and National Westminster Bank Plc for a period of 12 months and also an amendment to contract standing orders to allow similar extensions in respect of other contracts.

It is recommended that (a) the existing contract dated 29<sup>th</sup> April 2003 between the Council and National Westminster Bank Plc be extended for a period of one year from the 31<sup>st</sup> March 2008; and (b) that a recommendation be made to Council that contract standing orders 11.1 and 11.4 be amended so that the word 'lower' is replaced with the word 'greater'.

### **1. INTRODUCTION**

- 1.1 The Council on the 29<sup>th</sup> April 2003 entered into a contract with National Westminster Bank Plc ('NWB') for the provision of various banking services. The services included normal day to day banking services for a large organisation together with electronic banking facilities, business credit cards, overdraft facilities of £1m, etc and some additional services on demand.
- 1.2 The contract is for a period from the 1<sup>st</sup> April 2003 until the 31<sup>st</sup> March 2008. Fees for the services are paid in accordance with an agreed schedule of rates. Annually approximately £33k is paid in fees to NWB giving a total contract value in the region of £165k.
- 1.3 Proposals by central government for the reform of local government create uncertainty in respect of the status of this Council after May 2008. Any tendering procedure in respect of the renewal of the banking services contract would have to begin soon and may end up being aborted as the reforms progress. This will result in wasted costs. It is proposed that, given the present uncertainty, that the existing contract with NWB be extended

for a period of one year. Officers are satisfied that value for money is being obtained in respect of the contract.

## **2. CONTRACT STANDING ORDERS**

- 2.1 Contract standing order ('CSO') allows an extension of an existing contract. CSO 11.4 states that:

"Where a Service Manager considers that a contract having a value of £100,000 or less is an extension of an existing contract and should not be subject to competitive tender or quotation and such extension would increase the value of the contract by less than £25,000 or 25% whichever is the lower he may authorise such extension provided that he shall record on the contract file the circumstances which establish the facts set out in CSO 11.1.1 to 11.1.3'

CSO 11.1.1 to 11.1.3 require the extension to be truly an extension of an existing contract; that it is appropriate not to seek competitive tenders; and that the Council is obtaining best value.

- 2.2 In this case the value of the original contract is £165k and the value of the extension is £33k. The extension is therefore 20% of the existing contract value. Applying the wording of CSO 11.4 any extension more than £25k in value could not proceed under that CSO. By way of an example an extension for £99k on a £2m contract could not proceed even though the extension is for only 5%. It is considered that CSO 11.4 contains an error in that the word 'lower' (underlined) should in fact be 'greater'. The same error appears in CSO 11.1.
- 2.3 Provided that members are happy to allow extensions up to 25% then they are asked to endorse this change of wording in CSO's 11.1 and 11.4. Any Service Manager granting an extension would need to be satisfied that European law is satisfied. In this case the extension is lower than the EC service threshold for triggering the tendering requirements.

## **3. NWB EXTENSION**

- 3.1 The amendment referred to in paragraph 2.3 if approved will require the approval of Council. In the meantime to allow the contract with NWB to be extended the Executive has power under CSO 2.2 to authorise a contract outside CSO's. In this case the Executive is asked to approve the proposed extension to NWB for 12 months from the 1<sup>st</sup> April 2008.

## **4. FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)**

4.1 The cost of the extension will be met from existing budgeted financial resources.

## 5. PROJECT AND RISK MANAGEMENT

5.1 There are no project and risk management issues at this stage.

## 6. IMPACT ON CORPORATE PLAN

6.1 The extension has no impact on the Corporate Plan as the extension relates to day to day functions.

### List of Appendices

None.

**List of Background Documents:** None.

**List of Consultees:** Portfolio Holder, Head of Legal and Democratic Services, Head of Finance and Business.

### CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed . This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

|   |           |
|---|-----------|
| Impact on Crime and Disorder            | No issues |
| Impact on Sustainability                | No issues |
| Impact on Rural Proofing                | No issues |
| Health and Safety Implications          | No issues |
| Project and Risk Management             | No issues |
| Impact on Equality and Diversity Issues | No issues |
| Children and Young Persons Implications | No issues |
| Human Rights Act Implications           | No issues |

Please say if this report will require the making of a Key Decision: NO.