

To: POLICY & RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE	Subject: AWARD OF GENERAL BANKING SERVICES & MERCHANT ACQUIRING SOLUTION CONTRACTS	
From: HEAD OF FINANCIAL SERVICES		
Date: 23 January 2012	Ref: PH/JQ	

1.0 Introduction

- 1.1 The purpose of this report is to recommend the award of both the General Banking Services contract and the Merchant Acquiring Solution contract to the Clydesdale Bank plc.

2.0 Background

- 2.1 Approval was given at the sub-committee meeting held on the 24 August 2011 to seek tenders for the provision of the full banking service, including the merchant acquiring service, and also tender for general banking services and the merchant acquiring services if offered under separate lots.
- 2.2 The range of general banking services to be provided includes the following:
- Bank Account facilities/Access to branch network
 - Direct debit payment systems (e.g. AUDDIS) and Clearing Services (e.g. BACS)
 - Cashing/Open Credit Facilities
 - Internet banking
- 2.3 In addition to general banking services, a provider of a merchant acquiring solution is required to meet the increasing demand from customers to pay for services by credit and debit cards.

3.0 Tender Proposal

- 3.1 The current contract with Clydesdale Bank plc expires on the 31 March 2012. The new contract will run from the 1 April 2012 for a period of five years with an option to extend for a period not exceeding one year.

4.0 Process

- 4.1 A full tender exercise was undertaken in conjunction with the Council's Corporate Procurement staff, the tender being subject to an open EU compliant procurement process due to the contract value exceeding the financial threshold stipulated in the EU Public Sector Procurement Directive 2004/18/EC. The contract was advertised on the Public Contracts Scotland website.
- 4.2 Tenderers were invited to tender for both the General Banking Services (Lot 1) and the Merchant Acquiring Solution (Lot 2) if offered separately, plus the full banking service (Lot 3) incorporating both the General Banking Services and the Merchant Acquiring solution.

- 4.3 Twelve companies expressed an interest in providing Lot 1, Lot 2 or Lot 3. Two companies, Clydesdale Bank plc and Royal Bank of Scotland, followed up this interest by completing the tender documentation by the return date of 11 November 2011.

5.0 Evaluation

- 5.1 In accordance with the requirements of the Council's Contract Standing Orders, each company's tender response was evaluated against the cost/quality evaluation model specified within the tender documentation for each lot. Following this initial scoring exercise, each company was invited to a meeting to clarify aspects of their submission, including service tariffs.
- 5.2 While every effort is made to develop a tender specification that provides a consistent response by tenderers, it is likely within service contracts such as this that differences in interpretation occur. As a result, a number of adjustments to submitted tender prices were required to be made to ensure a like-for-like comparison of tender prices. The main adjustments required related to charges for the provision of a bank overdraft facility, letters of credit, imprest accounts and additional cash uplift security costs.
- 5.3 Following the interviews and updating of tender costs, tender panel cost/quality scores were finalised for each lot. A summary of the tender analysis is provided within Appendix 1.
- 5.3 As can be seen from the cost/quality scoring model set out in Appendix 1, the Clydesdale Bank plc has achieved the highest tender evaluation score for Lots 1, 2 and 3. The completed procurement reporting template is attached in Appendix 2.

6.0 Financial Considerations

- 6.1 The tender process highlights that the General Banking Services and Merchant Acquiring Solution will cost in total £918,214 over the maximum proposed contract period with £432,975 of these costs charged to the loans fund with £485,239 charged to services in line with the income they receive.
- 6.2 A like-for-like comparison with 2010/2011 indicates that the appointment of Clydesdale Bank plc would result in an annual saving of £960 and £5,760 respectively over the maximum six year contract period.

7.0 Recommendation

- 7.1 Committee is asked to:
- (a) Approve the award of the General Banking Services and Merchant Acquiring Solution contracts to the Clydesdale Bank plc for the period 1 April 2012 to the 31 March 2017 with the option to exercise a one year extension at the end of this period.



Head of Financial Services

For further information please contact Joseph Quinn, Treasury Management on tel ext 2061.

Tender Evaluation Summary

	<u>Lot 1 : General Banking Services</u>		<u>Lot 2 : Merchant Acquiring Solution</u>		<u>Lot 3 : General Banking Services + Merchant Acquiring Solution</u>	
	<u>Clydesdale Bank plc</u>	<u>Royal Bank of Scotland</u>	<u>Clydesdale Bank plc</u>	<u>Royal Bank of Scotland</u>	<u>Clydesdale Bank plc</u>	<u>Royal Bank of Scotland</u>
INITIAL TENDER PRICE (6-year total price)	£528,975	£360,240	£485,239	£514,912	£1,014,214	£875,152
FINAL REVISED TENDER PRICE (after clarification) (6-year total price)	£432,975	£474,540	£485,239	£514,912	£918,214	£989,452
% above lowest		9.6%		6.1%		7.8%
Price score	100.0	90.4	100.0	93.9	100.0	92.2
Price Weighting	55.00	55.0	90.0	90.0	55%/90%	55%/90%
Price Weighted Score	55.00	49.7	90.0	84.5	145.0	134.2
QUALITY						
Highest Quality Score	88.6	85.5	100.0	100.0	188.6	185.5
% below highest		3.5%		-		1.70%
Quality Scores	100.0	96.5	100.0	100.0	100.0	98.3%
Quality Weighting	45.0	45.0	10.0	10.0	45%/10%	45%/10%
Quality Weighted Score	45.0	43.4	10.0	10.0	55.0	53.4
TOTAL WEIGHTED SCORE	100.0	93.1	100.0	94.5	200.0	187.6
OVERALL RANKING	1st	2nd	1st	2nd	1st	2nd

NORTH LANARKSHIRE COUNCIL - PROCUREMENT REPORTING

		PART A PROPOSED ARRANGEMENTS	PART B ACTUAL ARRANGEMENTS												
1	Procurement Title	Provision of Banking Services													
2	Description	<p>The Council is looking to secure a comprehensive, efficient and proactive banking service making optimum use of the latest banking technology achieving value for money as a result of the tender process.</p> <p>The range of general banking services to be provided will include the following:</p> <ul style="list-style-type: none"> • Bank Account facilities/Access to branch network • Direct debit payment systems (e.g. AUDDIS) and Clearing Services (e.g. BACS) • Cashing/Open Credit Facilities • Internet banking <p>A merchant acquiring solution is required to provide a facility for customers to pay for Council services by debit and credit card.</p>													
3	Contract Category	Supply Services Works	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>												
4	Contract Type	Term Framework Agreement Framework Contract One-off Other	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>												
5	Contract Duration	<input type="text" value="60"/> Months	<input type="text" value="60"/> Months												
6	Contract Start Date	<table border="1"> <tr> <td>DD</td> <td>MM</td> <td>YYYY</td> </tr> <tr> <td>01</td> <td>04</td> <td>2012</td> </tr> </table>	DD	MM	YYYY	01	04	2012	<table border="1"> <tr> <td>DD</td> <td>MM</td> <td>YYYY</td> </tr> <tr> <td>01</td> <td>04</td> <td>2012</td> </tr> </table>	DD	MM	YYYY	01	04	2012
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7	Contract End Date	<table border="1"> <tr> <td>DD</td> <td>MM</td> <td>YYYY</td> </tr> <tr> <td>31</td> <td>03</td> <td>2017</td> </tr> </table>	DD	MM	YYYY	31	03	2017	<table border="1"> <tr> <td>DD</td> <td>MM</td> <td>YYYY</td> </tr> <tr> <td>31</td> <td>03</td> <td>2017</td> </tr> </table>	DD	MM	YYYY	31	03	2017
DD	MM	YYYY													
31	03	2017													
DD	MM	YYYY													
31	03	2017													

8	Contract Extension	<p>Is a provision being included to extend the contract?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If 'Yes', what is the maximum period of extension being sought?</p> <p><input type="text" value="12"/> Months</p>	<p>Has a provision been included to extend the contract?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If 'Yes', what is the maximum period of extension included?</p> <p><input type="text" value="12"/> Months</p>
9	Total Value	<input type="text" value="£940,000"/>	<input type="text" value="£918,214"/> Actual <input type="checkbox"/> Estimate <input checked="" type="checkbox"/>
10	What Procurement Route will be used?	EU <input checked="" type="checkbox"/> Non-EU <input type="checkbox"/>	
11	If EU Procurement Route to be used, which procedure will apply?	Open <input checked="" type="checkbox"/> Restricted <input type="checkbox"/> Other <input type="checkbox"/> If 'Other' please provide details below:	
12	If Non-EU Procurement Route to be used, which procedure will apply?	Open <input type="checkbox"/> Restricted <input type="checkbox"/> Approved List <input type="checkbox"/> Other <input type="checkbox"/> If 'Other' please provide details below:	
13	What Evaluation Criteria will be used?	Lowest Price <input type="checkbox"/> Most Economically Advantageous <input checked="" type="checkbox"/>	
14	Procurement Checklist	Procurement checklist provided to Procurement Manager? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
15	Details of Council Officer responsible for this procurement process	Name <input type="text" value="Joseph Quinn"/> Telephone <input type="text" value="01698 302061"/>	