Portfolio Holder Concurrence – Procurement of Banking Services November 2024

The current 5-year contract with Lloyds Bank for the provision of banking services expired on 31 October 2024. Lloyds bank have been 'holding' over the existing contract to enable the Council to undertake the necessary procurement / decision making processes.

In terms of exploring opportunities via procurement frameworks, there remains very limited options in terms of banking services. However, unlike the last procurement exercise undertaken in 2020, a framework has been identified that includes the provision of banking services. This has been established by the Cost and Procurement Advisory Service (CPRAS) who have provided a Banking and Finance Contract Framework with The Technology Procurement Association, which is OJEU compliant with an associated award notice issued. The contract is open to a number of public sector organisations, including Local Authorities.

As highlighted in the OJEU Award Notice, there was only one provider under LOT 1 Banking Services, with that supplier being the Council's current provider Lloyds Bank. The framework agreement enables a direct award to be made to Lloyds Bank.

Within the terms of the framework and in discussion with Lloyds Bank, two options have been identified - an initial 6-year term with the option to extend for 4 years or a 7-year initial term with the option to extend of 3 years.

The current budget for banking services is £25,140, under the proposed framework the cost per annum would reduce to £23,180 a saving of £1,940 per annum.

Lloyds are offering these prices fixed for 6 years, with free banking for the first year. Based on these levels, the charge for 5 years (with 1 year free) at £23,180 per annum would come to £115,900. This can therefore be accommodated within existing budgets.

If the Council undertook a separate tender exercise, there is no guarantee Lloyds would replicate these prices or that any other potential providers would be identified. A separate tender exercise would also involve officer time in drawing up tender documents, evaluating bids and awarding a new contract.

Based on the relatively good service the Council is currently receiving from Lloyds Bank, the burden of undertaking a separate tender exercise, along with potential disruption that moving to a potentially new provider would introduce, it is proposed to continue with Lloyds Bank for a further 6 years with the option to extend that period by a further 4 years. The necessary activities as required by the framework highlighted above would be undertaken as part of concluding the associated procurement process.

This decision was published on the Council's forward plan for the required minimum period of 28 days given its value.

Recommendation:

1. **That the Council awards a contract to Lloyds Banking Group for a period of 6 years with the option to extend for 4 years for the supply of banking services to the Council.**

Richard Barrett
Director Finance & IT

16 December 2024
Date

Agreed (Concurrence):

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Portfolio Holder for Finance and Governance

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Date