

**REPORT TO: CITY GOVERNANCE COMMITTEE – 4 MARCH 2024**  
**REPORT ON: PROVISION OF BANKING SERVICES – CONTRACT MIGRATION**  
**REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES**  
**REPORT NO: 63-2024**

**1. PURPOSE OF REPORT**

1.1 The purpose of this report is to provide an update on the contract arrangements for the provision of Banking Services which would ensure business continuity and ongoing efficient and effective banking services.

**2. RECOMMENDATION**

2.1 It is recommended that the Committee

- Approves the sourcing route (Scottish Procurement Framework SP-21-037) which will mean continuity of service a seamless migration to a Framework bringing immediate financial benefit to the Council.
- Delegates authority to the Executive Director of Corporate Services to award a contract to the sole supplier on Scottish Government Framework Agreement for the Provision of Banking Services.

**3. FINANCIAL IMPLICATIONS**

3.1 The recommended migration to Scottish Government Framework will lead to an estimated contract cost of £37,500 per financial year, providing savings of £11,000 per annum against the existing cost of £48,500. These costs will be met from the existing Corporate Services Revenue Budget. Any material deviation from this cost will require further approval from this Committee, prior to the contract being awarded.

**4. DETAILS OF THE PROJECT BEING COMMISSIONED**

4.1 Dundee City Council has had a contract with Royal Bank of Scotland for provision of banking services for several years, following open tender exercises. The last tender exercise was in 2019, and this contract is due to expire on 30 June 2024.

4.2 The incumbent contractor (Royal Bank of Scotland) is the sole provider on the Scottish Government Framework agreement (SP-21-037). The framework expires on 31 July 2026. The decision to migrate to the Scottish Procurement Framework followed a recent market test (2022), and Dundee City Council will benefit from increased buying power, which translates to ongoing high standards of service and financial savings tariffs.

4.3 The Community Benefit requirements of the existing contract are to deliver a minimum of two awareness raising or work placements through the duration of the contract. The contractor was able to offer extensive experience in this area and has agreed to work with the Corporate Procurement Team to agree appropriate interventions which could include fraud awareness, money sense or financial education to a wide range of clients from vulnerable groups to business communities. They have also offered to deliver work experience opportunities for local school or college students. RBS provide community benefits in schools and have made donations to local charities. Delivery of further community benefits can be explored further throughout the proposed contract period.

## 5 SOURCING STRATEGY SUMMARY

- 5.1 Royal Bank of Scotland are considered by several local authorities to provide superior service and to promote best practice. Royal Bank of Scotland has utilised Dundee City Council as a strategic partner approach, to pilot improvements within the sector.

The proposal is to migrate from expiring contract into a framework agreement which will extend until 31 July 2026. The framework is currently utilised by Scottish Government and other public agencies including other local authorities.

- 5.2 The main benefit of migrating from the existing contract into the framework agreement would result in immediate savings on tariffs of £11,000 per annum. All other contract terms and conditions remain unchanged. There will be no disruption to the existing banking service.

## 6. RISK ANALYSIS

- 6.1 There are four standard risks in any procurement and for public sector regulated procurements, a fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge

Description of Risk	Actions to be taken to manage Risk
<b>Commercial Risk</b> – That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	The risk is minimised by direct awarding (migrating to) via this Framework.  Migration to the Scottish Procurement Framework which encompasses: <ul style="list-style-type: none"> <li>• pre-agreed terms and conditions</li> <li>• Competitive savings tariffs through increased buying power which can be realised immediately following Committee Approval of this proposal.</li> </ul>
<b>Technical Risk</b> – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification	Migration to the Scottish Procurement Framework: <ul style="list-style-type: none"> <li>• encompasses pre-agreed terms and conditions.</li> <li>• There is no cost of change implications for Dundee City Council.</li> </ul>
<b>Performance Risk</b> – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits	Migration to the Scottish Procurement Framework: <ul style="list-style-type: none"> <li>• Brings with it, dedicated framework management by Scottish Procurement colleagues, in addition to Dundee City Council contract monitoring arrangements.</li> <li>• Dundee City Council will continue to benefit from effective response times.</li> </ul>
Contractual Risk – Being able to remedy the 's shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	Migration to the Scottish Procurement Framework: <ul style="list-style-type: none"> <li>• encompasses pre-agreed terms and conditions which have been recently market tested (2022).</li> </ul>
<b>Procurement Risk</b> – where a procurement is found unsound in law, through the public procurement rules	There are no procurement risks arising from a call off from this Framework.

**7. CONCLUSION**

7.1 Royal Bank of Scotland continues to deliver good service to the Council through our long-term relationship. Given their ongoing ability to meet the quality criteria, Dundee City Council benefits from this, along with increased buying power and continuity of service. The Framework sourcing route offers high quality client service through dedicated Local Authority Specialist Relationship Management and provides enhancements to current products and service delivery which will also enable greater flexibility in relation to current financial management practices. This service will enable the Council to continue adapting the current operations further to achieve further efficiencies and improve effectiveness.

**8. POLICY IMPLICATIONS**

8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

**9. CONSULTATION**

9.1 The Council Leadership Team were consulted in the preparation of this report.

**10. BACKGROUND PAPERS**

10.1 None

**ROBERT EMMOTT  
EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

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