

Banking Services Contract - Risks and Related Issues

Risks	<ul style="list-style-type: none"> • School banking is a major risk because of their particular banking needs and practices (e.g. reliance on Post Offices) which vary considerably across the area; • The very tight timescales for some Councils is a real pressure which will limit the scope they have for collaboration; • The switch to a new banking provider with a re-defined set of banking service needs requires significant change to financial management systems which should not be underestimated; • There is a risk that if the specification is too complex it could deter suppliers so important to develop a core common set of services alongside optional additions to accommodate specific area needs; • The three suppliers in the market may not have the capacity to take on a number of individual agreements happening in a short period of time; • Changes to banking legislation could impact on future arrangements so will need to be taken into account in considerations and final decisions; • Credit quality of the Banks; • The banks will pick and choose who they want business from based on the transaction profile of each authority which may limit the attractiveness of any tender.
Issues	<ul style="list-style-type: none"> • The limited number of suppliers and uncertainty over the future financial standing of the two publicly owned banks (once the Government sells its stake in them) is an issue; • In a limited supplier market consideration should also be given to establishing a contingency arrangement alongside the new contract; • If the ESPO banking contract framework becomes available it could offer significant time savings; • Other banking related services such as bill collection contracts (i.e. for the collection of income over Post Office, PayPoint and Payzone counters), merchant acquiring contracts for the acceptance of credit/debit card payments would have to be tendered separately as the market for these types of service are different from traditional banking services so there are no efficiencies to be gained that way.