

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to: AUDIT COMMITTEE
Report of: Director of Finance
Date of Meeting: 30th June 2015
Subject: BANKING SERVICES CHANGE PROJECT
Wards Affected: All
1. Purpose of Report:
1.1. This report provides an update on the successful delivery of the project to change the Council's bankers from The Co-op to Barclays with effect from 1 st April 2015. It also provides an update on the work being undertaken with Barclays to deliver Council priorities and other innovative transactional banking solutions to support service reviews and efficiency savings.
2. Recommendation:
2.1. To note the successful delivery of the project and the continuing development work with Barclays.

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3. Compliance Issues:

3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies?

The delivery of this project supported the following objective of the Council:

A prosperous city, built on an inclusive economy – by ensuring the contract offers the latest banking facilities to support the financial activities of the Council and which meets the requirements of its customers both internal and external to the Council.

Birmingham Business Charter for Social Responsibility.

Barclays has signed up to the principles of the Charter. A detailed action plan of activities has been put in place and is subject to review as part of the on-going contract management process. Officers are working closely with Barclays to develop additional activities to align Council priorities and Directorate and service requirements.

Treasury Management Policy and Strategy.

The decision to appoint Barclays and the changes being implemented as a consequence, align with the Council's Treasury Management objectives and activities.

3.2 Relevant Ward and other Members /Officers etc. consulted on this matter.

The Deputy Leader, Cabinet Member for Commissioning, Contracting and Improvement, Deputy Chief Executive, Director of Finance and Assistant Directors of Financial Services, Procurement, Revenues and Benefits, Shared Services Centre and Legal Services have been consulted during the various stages of the delivery of this project.

3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any).

Section 151 of the Local Government Act requires the Director of Finance (as responsible officer) to ensure proper administration of the City Council's financial affairs.

3.4 Will decision(s) be carried out within existing finances and resources?

Yes.

3.5 Main Risk Management and Equality Impact Assessment Issues (if any).

This transition to a new bank was recognised as a significant risk to the

Council and as a consequence was reflected in the Council's Corporate Risk Register as follows:

- Potential for disruption to council services due to the need to transition to a new Banking Services provider with effect from 1st April 2015.

Regular reviews of project risks were undertaken and mitigating action taken where appropriate to minimise any impact, especially during the go-live phase of the project.

4. Relevant background/key tasks and issues:

- 4.1. A report setting out the background, tender process and governance arrangements was presented to the Committee on 29th July 2014 and a subsequent progress report was presented to the Committee on 27th January 2015.

The contract with The Co-op bank ended 31 March 2015, having been extended for 12 months from 1 April 2014. During the re-tendering exercise The Co-op informed the Council that it was withdrawing from providing banking services to the public sector, but would honour existing contracts.

Following a detailed tendering exercise and evaluation process Barclays were appointed as the Council's (and Acivico's) new banking services provider with effect from 1 April 2015, although the majority of services and transactions actually transferred on a phased basis before this date.

The Council's project team worked closely with Barclays colleagues to develop a detailed implementation plan to enable banking transactions and services to transfer successfully in a controlled and phased way. This was closely monitored on a weekly basis and managed through the Project Board in conjunction with Service Birmingham to ensure a smooth transition.

4.2. Switching of Key Transactions.

The switch to Barclays was managed in such a way as to minimise the overall risk to the Council and phased to best meet the business needs of different Council services. The majority of transactions transferred to Barclays during the month of February with the full co-operation of The Co-op and well in advance of the new contract start date.

Key tasks delivered successfully by the project team for the Council and Acivico include:

- new Barclays main bank accounts set up
- new Barclays school and non-school petty cash accounts set up, operational and new cheque books issued
- old Co-op school and non-school petty cash accounts reconciled and closed

- new paying in books and other stationery distributed to all sites including schools
- salaries paid via BACs from Barclays
- notification to 3rd parties and other customers who pay the Council, of the new Barclays bank details
- all outgoing cheque, BACs and direct debit payments made from Barclays
- the issuing of sundry debtors invoices / reminders with Barclays account details
- re-direct facilities put in place for various incoming payment methods, for example, BACS, direct debits and standing orders, so that any payments that continue to go to The Co-op will automatically be re-directed to Barclays
- all financial systems, for example, SAP, Northgate and RBIS, re-configured via Service Birmingham to allow payments to be received or made from the new Barclays accounts
- bank reconciliation completed and dual running of both Barclays and Co-op accounts for a period
- Barclays online banking solution, Barclays.net, is in place and configured to meet our day to day treasury management requirements
- annual billing process changes made, for example Council Tax and Housing Rents, to include new Barclays bank details
- ability for all sites to pay in monies via Barclays branches and the Council's cash collection service via G4S
- transfer of G4S cash collection deliveries from Co-op to Barclays processing centres
- significant levels of communication both internally and externally to the Council and Acivico to inform services, residents, 3rd parties and customers of the move to Barclays and the action needing to be taken

4.3. The Co-op position.

The majority of Co-op accounts were effectively closed by 15th May ahead of the scheduled date of 31st May. Only a small number of trust accounts remain open and these will be transferred and closed shortly.

As a consequence of closure there remain a number of payments still being made to the Co-op either via online banking or paper giro credits. For example some customers are continuing to make online payments to the Council using the old Co-op bank details which will be rejected. The onus is on the customer to change the bank details to Barclays using the details provided on their bills. The project team are working with individual Council services to remind specific customers of the need to change.

The Co-op are providing regular details of customers paying by old Co-op giro credit via a branch and again these are being targeted so that future payments are made using the Barclays giro slips.

Any payments still being made to the Co-op are being transferred to the Council so there are no debtor account or cashflow implications.

4.4. Impact on Customers.

Details of the new Barclays bank account were sent to residents and businesses affected through our official correspondence such as council tax bills, invoices, reminders, rent or service charge notifications. Information was also included on the Council's website. Reminder inserts were also included with a range of documentation to help the transition.

It is important to note that payments to the Council can still be made at the Post Office, in addition to any Barclays branch, although for Acivico it is through Barclays branches only.

For the majority of Birmingham residents and businesses there was little impact as a consequence of the move to Barclays. Only those who pay the Council through standing order, BACS or online through their own bank needed to make a change by ensuring they use the new Barclays Bank account details. Likewise residents or businesses that currently pay for a service using a giro credit slip need to ensure they use the new Barclays giro documents sent to them.

A significant number have made the required changes and customers continuing to pay the Council via the Co-op are being communicated with directly.

4.5 Transition Issues.

Due to the size and complexity of the project it was always envisaged there would be a number of "teething" problems during the transition process. However these have not been major and the majority were resolved quickly without any major impact on either outgoing or incoming transactions.

Examples include:

- incorrect stationery dispatched or not received by sites.
- revised procedures and processes not being followed by sites / services e.g. arrangements for banking cash
- missed / timings of cash collections for existing and new sites
- monies being paid out of / into the incorrect bank account
- giro credit slips for Acivico being incorrect
- missing information from automated bank files
- outgoing direct debits being cancelled or not automatically switched.
- customers continuing to make payments to The Co-op accounts rather than the new Barclays accounts.

The last example remains a key issue as we need to ensure that residents, businesses and other customers make the necessary changes to their bank details so that future payments to the Council are processed through the

Barclays bank account rather than The Co-op. In particular this relates to online and BACS payments and the old Co-op giro credit slips and we are working closely with Barclays, The Co-op and service areas to identify and contact customers to ask them to make the change.

The recent closure of The Co-op accounts will force customers making online payments to change to Barclays as any payments to The Co-op will be rejected.

5. Developing work with Barclays:

5.1. Transactional developments.

Having successfully transferred transactional banking services the Council is continuing to work closely with Barclays to develop a number of “Phase 2” projects to help deliver further efficiencies in transactional processing and innovative digital solutions.

Discussions are at an early stage but include:

- extended roll-out of Barclays.net to schools for managing financial transactions online. A pilot project is underway
- consideration of mobile technology “Pingit” for paying the council via smart phones, for example, Council Tax, Car parking fees.
- supporting the Council to reduce the use of cheques and cash using other cashless payment alternatives such as payment cards etc.
- provision of basic bank accounts and savings accounts for specific client and vulnerable groups, for example, children in care or leaving care.

5.2. Business Charter developments.

Linked to the Business Charter for Social Responsibility, work is continuing with Barclays to align their Charter action plan to the Council’s key strategic priorities to enable us to work together to help support the delivery of these priorities.

Barclays already undertake a significant amount of work in the local community providing a range of training and advice working with schools and community organisations. Their Citizenship aim is to contribute to and deliver growth in local communities by aligning their community investment with their skills and expertise.

Their programmes help empower people with skills to achieve financial independence and security. Supporting local business start- ups and employment is a key priority and initiatives include:

- money skills
- life skills
- apprenticeships

- mentoring
- “Digital Eagles”
- “Get Ready for Business”

In developing the charter action plan the Council needs to build on existing Barclays activities and link it to emerging needs in local communities. Work is already underway on developing employment initiatives and requests have already been made for support linked to community libraries and sports facilities. Barclays have already secured significant investment in their “Spaces for Sports” programme.

The Council will also be discussing with Barclays the possibility of providing additional sponsorship of key events.

Signatures:

Jon Warlow, Director of Finance.....

Dated:

List of Background Documents used to compile this Report:

Banking Services Contract Update Report 29th July 2014
Banking Services Change Project update report 27th January 2015