

**Report to Hartlepool Schools' Forum 5th February 2014
From Chris Little (Chief Finance Officer)**

Agenda Item 8– Banking Contract

1. Introduction

- 1.1 This briefing note outlines current issues arising with the Council's banking contract.

2. Background

- 2.1 Since April 2003 the Co-operative Bank (the Co-op Bank) has provided banking services to Hartlepool Borough Council including schools. During the course of 2013 the Co-op Bank's bid to buy more the 600 Lloyds branches fell through and a £1.5 billion "black hole" in the bank's finances was discovered.
- 2.2 As a result of restructuring the Co-op Bank has recently announced that after current contracts expire, it will no longer be providing banking services to local authorities. The bank's aim is to simplify and rebuild the bank focusing on individuals and small and medium sized businesses whilst exiting relationships that require more complex banking requirements (i.e. local authorities).
- 2.3 The Co-op Bank currently provides banking services to more than 150 local authorities and their schools. All 150 local authorities will be seeking new banking arrangements once their contract has expired.

3. Banking Tender

- 3.1 The Council's contract with the Co-op Bank is due to expire on 31 March 2015. Therefore the Council needs to put in place new banking arrangements prior to this date to ensure that new accounts are in place and all banking transactions have transferred before the end of the contract. This includes school accounts.
- 3.2 A new contract is planned to be awarded and in place by 1 October 2014 to allow a period of dual running of bank accounts before the Co-op Bank contract expires and to ensure a smooth transition to the new bank. At present there are three banks active in the market, Barclays, Lloyds and NatWest.

4. Conclusion

- 4.1 An implementation plan will be put in place to ensure a smooth transition to the new bank. Schools will be informed of these arrangements in due course and will be supported through the transition process

5. Recommendation

- 5.1 The Forum is asked to:-

- Note the report and feed back to schools that members represent.