

Report

Report to:	Finance and Information Technology Resources
Date of Meeting:	3 March 2008
Report by:	Executive Director (Finance and Information Technology Resources)

Subject:	Appointment of Treasury Management Consultants
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Advise Committee of the outcome of the recent tender exercise for a Treasury Consultant.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the appointment of Arlingclose as Treasury Consultants for a period of one year, with option to extend for one further year be approved.

3. Background

- 3.1. The Council employs the services of Treasury Management consultants to assist us in a number of functions. The main services they provide are:-
- ◆ Provision of advice and information on deposits
 - ◆ Advice on borrowing, portfolio structure and debt restructuring
 - ◆ Economic advice and interest rate forecasts
 - ◆ Advice on legislative and accounting requirement for treasury related issues
 - ◆ Training.
- 3.2. A report was submitted to the Finance and Information Technology Resources Committee on 10 February 2004 to ask Committee approval to appoint Butlers as the Council's Treasury Consultant for a period of three years with the option to extend the contract for a further two years.
- 3.3. The contract was extended in March 2007 and, as the contract will end on 31 March 2009, an invitation to tender was issued to interested parties.
- 3.4. As the size of the contract is under £139,000, formal European procurement regulations do not apply. However, a full tender exercise has been undertaken to allow us to ask the potential suppliers to provide the fullest detail on their services.

4. Outcome of Tender Exercise

- 4.1. Four companies requested copies of our tender documentation. Three companies submitted a tender by the closing date. These were:-

- ◆ Arlingclose Limited
- ◆ Butlers
- ◆ Sector Treasury Services Limited.

4.2. The tenders were evaluated on the criteria of Quality (70%) and Price (30%). Within the Quality criteria the following areas were evaluated :-

- ◆ Background of company
- ◆ Investment Advice
- ◆ Borrowing Advice
- ◆ Provision of Economic Forecasts
- ◆ Compliance advice
- ◆ Reporting and Management Advice
- ◆ Adoption of the Euro
- ◆ Training and Development.

4.3. All tenders were assessed and scored against the criteria, and in most of the areas the level of service that was offered was generally consistent. Arlingclose have fewer clients than the other tenderers, and offer a high staff to client ratio, whilst Butlers and Sector offer a standardised approach over a larger number of clients.

4.4. The cost of the one year contract with Arlingclose would be £25,000. The other quotes were in the sums of £16,500 and £14,000.

4.5. Although Arlingclose quoted the highest charge, on consideration of all the evaluation criteria, Arlingclose scored highest.

4.6. Following the recent events within the banking sector the security of the Council's deposits is of the greatest importance. Arlingclose have evidenced that they can provide the fullest, and most rounded information on the organisations that the Council may wish to deposit funds with. They have shown that the information they provide goes beyond informing of changes to credit ratings, but includes supplementary information and advice on where the Council should deposit funds. It is important to the Council that clear advice is offered by a consultant, and Arlingclose have demonstrated that they can and will offer investment advice.

4.7. After consideration of all evaluation criteria it is recommended that Arlingclose is appointed as Treasury Consultant for the period of one year, with the option to extend this contract for a further one year.

5. Employee Implications

5.1. None

6. Financial Implications

6.1. The charge for this contract will be met from within the Loans Fund.

7. Other Implications

7.1. None

8. Equality Impact Assessment and Consultation Arrangements

8.1. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.

- 8.2. There is no requirement to carry out any consultation in terms of the proposals contained within this report.

Linda Hardie

Executive Director (Finance and Information Technology Resources)

4 February 2009

Link(s) to Council Values and Objectives

- ◆ Value: Accountable, effective and efficient

Previous References

None

List of Background Papers

None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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