

Report

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Report to:	Finance and Information Technology Resources Committee
Date of Meeting:	1 February 2011
Report by:	Chief Executive

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

1.1. The purpose of the report is to:-

- ◆ Advise of the outcome of the recent tender exercise for Treasury Management Consultancy.

2. Recommendation(s)

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

- (1) that Arlingclose Ltd are appointed as Treasury Management Consultants for a period of one year, with option to extend for one further year.

3. Background

3.1. The Council employs the services of Treasury Management Consultants to assist in a number of functions. The main services that they provide are:-

- ◆ Provision of advice and information on investments
- ◆ Advice on borrowing, portfolio structure and debt restructuring
- ◆ Economic advice and interest rate forecasts
- ◆ Advice on legislative and accounting requirements for issues relating to Treasury Management
- ◆ Training and Development.

3.2. A report was submitted to Finance and Information Technology Resources Committee on 3 March 2009 asking for Committee approval to appoint Arlingclose Ltd as the Council's Treasury Management Consultants for a period of one year with the option to extend for a further year.

3.3. The contract was extended in March 2010 and, as the contract will end on 31 March 2011, an invitation to tender was issued to interested parties. A contract duration of one year, with the option to extend for one further year was selected to allow the Council sufficient flexibility to adapt our relationship with Treasury Advisors in future years.

3.4. As the size of the contract is under £156,442, 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. Three companies requested copies of our tender documentation. Two companies submitted a tender by the closing date. These were:-
 - ◆ Arlingclose Limited
 - ◆ 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
 - ◆ Investment Advice
 - ◆ Borrowing Advice
 - ◆ Economic Forecasts
 - ◆ Compliance and Reporting Advice
 - ◆ 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 consistent.
- 4.4. It is considered that the security of the Council's investments is of the greatest importance. Both tenderers submitted full responses on how they assess the credit worthiness of counterparties, beginning with credit ratings but supplemented by other factors as required by the CIPFA Code of Practice on Treasury Management.
- 4.5. It is important to the Council that clear advice on investments is offered by a consultant and Arlingclose were able to demonstrate that they can, and will, offer such advice. For this reason Arlingclose scored highly in this area.
- 4.6. The cost of a one year contract with Arlingclose would be £22,500.
- 4.7. Although Arlingclose quoted a higher charge than Sector, on consideration of all the evaluation criteria, Arlingclose scored highest.
- 4.8. After consideration of all evaluation criteria, it is recommended that Arlingclose Ltd is appointed as Treasury Management consultant for the period of one year, commencing 1 April 2011, with the option to extend this contract for a further year.

5. Employee Implications

- 5.1. None

6. Financial Implications

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

7. Other Implications

- 7.1. When considering its Treasury Services the Council must adhere to the CIPFA Treasury Management Code of Practice which requires the Council to ensure that Treasury Management risks are addressed. Within the Council's Annual Investment Strategy, which was presented to this Committee on 1 June 2010, the risks faced when managing the Council's cash balances are set out.

To manage these risks, professional advice and market data on counterparties with whom we deposit funds is crucial, and it is the Treasury Management Consultant that we look to, to provide that information.

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.

Archibald Strang
Chief Executive

22 December 2010

Link(s) to Council Values/Improvement Themes/Objectives

- ◆ Value: Accountable, effective and efficient

Previous References

Finance and Information Technology Resources Committee of 1 June 2010

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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