

## **POLICY AND RESOURCES SCRUTINY COMMITTEE – 8TH JUNE 2010**

**SUBJECT: PROVISION OF TREASURY MANAGEMENT**

**REPORT BY: DIRECTOR OF CORPORATE SERVICES**

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### **1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to advise Scrutiny Committee of the procurement process undertaken for the provision of Treasury Management in line with the Authority's standing orders for contracts and the award of contract to two providers, Sector Treasury Services Ltd and Arlingclose Ltd. The report is for information only.

### **2. SUMMARY**

- 2.1 The previous arrangement for this service expired on the 31 March 2010. In conjunction with officers from Corporate Finance, Members and Procurement Services, a procurement process was undertaken in line with Standing Orders and the CIPFA Treasury Management Code of Practice and Guidance.
- 2.2 The new arrangement commenced on the 01 April 2010 for a period of two years and included an option to extend for up to a further period of two years renewable on an annual basis.

### **3. LINKS TO STRATEGY**

- 3.1 The report has links to the four basic strategic themes of the Council, taking into account crosscutting issues where relevant. It has specific links to the effective and efficient application and use of resources.
- 3.2 The successful providers will provide financial advice and data to Corporate Finance in line with the CIPFA Treasury Management Code of Practice and Guidance. They will also provide bespoke training and seminars to all Members.

### **4. PROCUREMENT PROCESS**

- 4.1 The project team for this arrangement consisted of Officers from Corporate Finance, Members and Procurement Services and all were present throughout every stage of the procurement process.
- 4.2 The project team agreed that the award criteria for this arrangement should be based on the most economically advantageous strategy and based on the following criteria:

Quality	75	Price	25
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- 4.3 A scoping exercise was undertaken to identify how many potential providers were able to provide the treasury management service to the Authority. The investigations found that the market place was very limited with only four providers being capable of supplying the necessary service. Therefore, the four companies were invited to tender and submissions were received from three, as follows.

<b><u>Company Name</u></b>	<b><u>TOTAL 2 YEAR CONTRACT COST (£ Ex VAT)</u></b>
Sector Treasury Services Ltd	£35,000.00
Arlingclose Ltd	£51,000.00
Butlers	£57,000.00

- 4.4 For information the following company declined to tender:

Sterling Consultancy Services

- 4.5 Following the evaluation of tenders, the three providers scored overall as follows:

<b><u>Company</u></b>	<b><u>Score</u></b>
Sector Treasury Services Ltd	81.50
Arlingclose Ltd	61.66
Butlers	60.35

- 4.6 The CIPFA Treasury Management Code of Practice and Guidance advises that Authorities should collate as much information as possible in regards to treasury consultancy to ensure that informed decisions can be made in respect of debt and investment management. Therefore, the project team felt it was prudent to award the contract to two providers to ensure the maximum amount of advice and guidance is received by the Authority.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 The financial cost in awarding the contract to the two highest scoring companies equates to £86,000.00 for the initial two-year contract period. Corporate Finance has advised that the additional costs will be funded from a recharge to debt management costs.
- 5.2 Awarding the arrangement to two providers has increased the annual contract spend originally identified within the Project Initiation Document. Therefore to comply with the EU Procurement Directives only the first twelve months of the extension period will be available to the Authority if required.

## **6. PERSONNEL IMPLICATIONS**

- 6.1 There are no personnel implications.

## **7. CONSULTATIONS**

- 7.1 Consultation has taken place and comments and views are reflected within the report

## **8. RECOMMENDATIONS**

- 8.1 Policy and Resources Scrutiny Committee note the information contained within the report.

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Background Papers: File Reference: CCBC/PS333/10/HS  
Standing Orders for Contracts