

FALKIRK COUNCIL

Subject: TREASURY MANAGEMENT ADVISORY SERVICE CONTRACT

Meeting: INFORMATION BULLETIN

Date: 24 JUNE 2015

Author: CHIEF FINANCE OFFICER

1. INTRODUCTION

- 1.1 On 14 May 2014, Members approved a one year extension to the contract the Council had with Capita Asset Services for the provision of Treasury Management advisory services. The contract value was £17,500 and it was extended for a year from 1 April 2014 to 31 March 2015. This paper notes that a further contract has been awarded to Capita.

2. BACKGROUND

- 2.1 Falkirk Council requires the use of a Treasury Management advisory service in four key areas:
- Economic and interest rate analysis
 - Debt management
 - Investment and counterparty risk
 - Review of policy documentation and administrative functions
- 2.2 The need for these services has become increasingly important as a result of the uncertain economic recovery and fragility of the banking sector and the increased risk that this creates for all organisations.
- 2.3 It is important to relate the contract fee to the underlying value of Treasury transactions, which over the course of a financial year aggregate to many millions of pounds.

3. CURRENT POSITION

- 3.1 Capita Asset Services has delivered an excellent service and has provided value for money in a high value area of Finance's activity. There are only two main players in the market – Capita and Arlingclose. Arlingclose are currently trying to build up their market share. They have four Scottish Local Authority clients, having recently lost one which has moved back to Capita. Capita has by far the largest market share across the UK which gives their benchmarking information more relevance.
- 3.2 Capita Asset Services offered a new two year contract at a cost of £35,750 i.e. £17,750 for year one and £18,000 for year 2. These values equate to a 1.4% increase for each year.

- 3.3 This contract falls under Contract Standing order paragraph 5.1, which states that where the estimated contract value is less than £50,000, the contract can be exempt from competition provided that the Chief Officer ensures that best value is obtained and that the use of this exemption is made in the best interests of the Council. Given that the increase in costs is minimal, and that the service we have received from Capita over the last few years has been invaluable, this new two year contract with Capita demonstrates best value and is in the best interests of the Council.

4. ACTION TAKEN

- 4.1 In accordance with Contract Standing Orders paragraph 5.1, I have therefore awarded a two year contract to Capita Asset Services for the provision of a Treasury Management advisory service. The contract will run from 1 April 2015 to 31 March 2017.

CHIEF FINANCE OFFICER

Date: 14 May 2015

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