

Sandwell Metropolitan Borough Council

Action To Be Taken Under Delegated Powers
Exemption from Procurement and Contract Procedure Rules

Direct Purchase for the delivery of the Treasury Management
Consultancy from CAPITA Asset Services

1. Summary Statement

- 1.1. An exemption from the Council's Procurement and Contract Procedure rules is being sought for the direct purchase of the delivery of the Treasury Management consultancy for 3 years starting 1st April 2017 from CAPITA Asset Services without a procurement exercise taking place to obtain a minimum of 3 quotes.
- 1.2. The 3 year exemption is sought because the ESPO framework expired on the 31st January 2017 and no new ESPO framework is currently available.
- 1.3. CAPITA Asset Services deliver consultancy on all aspects of Treasury Management. It is managed by CAPITA Plc who is one of only a few providers of this specialised consultancy service for Local Authorities across the UK, including Sandwell.
- 1.4. Sandwell MBC Treasury Management service is required by Central Government to employ external consultants who will provide advice; specifically providing a list of financial institutions for where any surplus funds should be invested, meeting our Cabinet approved Treasury Management Service Strategy (TMSS) criteria, which specifies the level of quality, liquidity and return for these institutions (known as a counterparty list). CAPITA Asset Services provide Sandwell MBC Treasury Management team with a daily comprehensive report via an internet service that lists counterparties, using the data provided by the three rating agencies Fitch, Moody's and Standard & Poor's, in conjunction with the criteria set out in the TMSS.
- 1.5. CAPITA Asset Services has been providing Treasury

Management support, advice and guidance since 2012 and employ a specialist consultant who has provided advice and support to Sandwell MBC for many years longer; specific example of this advice was to actually advise Sandwell MBC not to continue investing in the Icelandic banks, despite at the time, the Icelandic banks meeting the set approved investment criteria of both the three rating agencies and the approved TMSS.

- 1.6. CAPITA Asset Services provide a daily market report to Sandwell MBC's Treasury Management team, providing not only market conditions for the UK but other larger economies abroad and how they anticipate this will affect the bank rates in the short and long term and also if borrowing is required by the Local Authority when the best time would be to do that.
- 1.7. CAPITA Asset Services also provide advice with regards to the Councils investment and borrowing structure, specifically where any market events and changes such as Brexit, that did have an effect on the Bank of England base rate, CAPITA Asset Management do ongoing assessments on Sandwell MBC's investment and debt structure to ensure we cannot do better by refinancing our investment/debt; CAPITA Asset Services also provide a forecast Bank of England base rate report as such events/changes occur and also provide this quarterly irrespective of any such volatile market conditions.
- 1.8. CAPITA Asset Services as well as providing advice and support to Sandwell MBC as outlined above, also provide regular weekly investment and borrowing reports, report templates which adhere to the Cipfa Financial code, provision of Member Training, provide advice for when the code changes and also provide a consultation meeting on a quarterly basis with the Treasury Management team Principal Accountant, where they provide reports on the financial health of Sandwell MBC.
- 1.9. The advice and support provided by CAPITA Asset Services, enables Sandwell MBC's Treasury Management team to meet the requirement of safeguarding the Councils money and therefore enabling any and all payment services in the Council with a secure and reliable service.
- 1.10. The cost of a contract with CAPITA Asset Services for 12 months £15,000 plus VAT.

- 1.11. The Procurement Services Manager has been consulted and agrees that the most appropriate route to procure the services required is directly from CAPITA Asset Services via exemption.
- 1.12. In accordance with the Council's Procurement and Contract Procedure Rules (Rule 15), an exemption from any Rule may be endorsed by the most senior Chief Officer, independent from the initial decision making process, confirming the Chief Officer is satisfied that the exemption is justified by special circumstances. The report must be approved by the Councils Section 151 Officer and the Cabinet Member for Core Resources.

2 Recommendation

- 2.1 That the Executive Director of Resources approves the expenditure in the sum of £15,000 for each 12 month period for the next 3 years starting the 1st April to CAPITA Asset Services for the direct purchase of the delivery of Consultancy to the Sandwell MBC Treasury Management team.
- 2.2 That any necessary exemptions be made to the Council's Procurement & Contract Procedure Rules to enable the course of action referred to in 2.1 above to proceed.

In accordance with the Council's Procurement and Contract Procedure Rules, I intend to take the action(s) recommended above.



Darren Carter
Executive Director of Resources

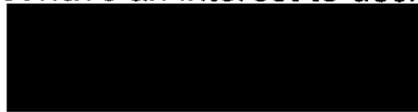
Date: 30-3-2017

I ~~do~~ do not have an interest to declare in this matter

Cllr. Trow
Cabinet Member for Core Council Services

Date: 30 MARCH 2017

I ~~do~~ do not have an interest to declare in this matter



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3 Procurement Implications

- 3.1 This exemption is required as the Councils Procurement and Contract Procurement Rules (Rule 8) cannot be met. This rule requires the opportunity to be advertised via the Councils E-tendering portal, Intend, so that a minimum of 3 quotations can be obtained. However, CAPITA Asset Services is one of a few providers that provide this service to Local Authorities across the UK.

4 Legal and Statutory Implications

- 4.1 There are no legal or Statutory Implications relating to the approval of this exemption report.

5 Background Details

- 5.1 Sandwell MBC Treasury Management Service is required by Central Government to purchase external consultancy in order to safeguard the Council's money and provide a full and comprehensive Treasury Management Service and CAPITA Asset Services are only one of few companies in the UK that provide this service to Local Authorities.
- 5.2 The understanding in Sandwell MBC employing an external consultant is to ensure that any investments and borrowing required by the Council are done so in accordance with the Cabinet approved TMSS report and are beneficial to the Council in providing an adequate and efficient Treasury Management Service; mitigating any losses that might be incurred if a consultant was not employed to provide the advice already outlined above.

6 Source Documents

None

