



Part 2 Specification

Contract Reference

TFIN4020

Contract Title

Treasury Management Advisory Services

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1. Overall Scope and Nature of the Requirement

- 1.1 Torbay Council is looking to appoint a contractor to provide Treasury Management Advice to the Council.
- 1.2 The duration of the initial contract will be 3 years with a possible extension of a further 2 years, dependent upon performance. The contract is intended to commence on 1st May 2020.
- 1.3 The Council is a unitary authority located in Devon on the South West Coast.
- 1.4 The Council's current Treasury Management Strategy, Mid-year Review and Outturn reports and Statement of Accounts are available on the Council's website at:-

<https://www.torbay.gov.uk/>
- 1.5 At the 31st March 2019, the Council had a Treasury Management Investment Portfolio of £58m and debt of £303m
- 1.6 The Council is undertaking an extensive Property Investment and Regeneration Strategy.
- 1.7 The services to be provided are:-
 - Proactive Strategic Advice on the Council's Treasury Management Strategy
 - Guidance and assistance on producing the Council's Treasury Management Strategy, Annual Investment Strategy, Mid-year Review and year end outturn reports, including report templates.
 - Proactive borrowing management advice.
 - Proactive investment management advice.
 - Provide a counterparty investment list, based on the Council's risk appetite and the creditworthiness of potential counterparties
 - Advice on the use of Fund Managers and money market funds
 - Interest rate forecasting and up to date economic information.
 - Leasing/PFI's advice.
 - Treasury Management technical advice and support.
 - Attend quarterly strategy meeting
 - Provide seminars and training.
 - Benchmarking with similar organisations
 - Other services as may be required.

2. Minimum and Mandatory Service Requirements

This Specification sets out the Authority's minimum requirements in relation to the provision of Treasury Management Advisory Services. It is the Authority's expectation that all Applicants meet these minimum requirements and will demonstrate this in their responses to the Method Statements within Part 4 Award Questionnaire.

The Authority has set out some Mandatory Requirements within this Specification, these are identified with the inclusion of the wording (**Mandatory Requirement**) against individual requirements. Applicants will be required to confirm their compliance with these Mandatory Requirements within their Stage Two Tender Submission.

Torbay Council's minimum requirements are:-

Strategic Outlook and Review

- 2.1 **Mandatory requirement:** The successful Tenderer's organisation must be regulated by the Financial Conduct Authority (FCA).
- 2.2 **Mandatory requirement:** The successful Tenderer's staff working on the Council's account must be FCA approved persons.
- 2.3 **Mandatory requirement:** Information and advice provided must meet Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and statutory requirements/guidance for a Local Authority.

The successful Tenderer must:

- 2.4 Provide proactive innovative strategic treasury management advice, tailored to Torbay Council's requirements and risk management appetite.
- 2.5 Attend quarterly Strategy meetings at the Council's office in Torbay.
- 2.6 Provide quarterly updates on performance against the Council's Treasury Management Strategy Statement.
- 2.7 Proactively advise on changes in the current economic climate and the impact on Torbay Council.
- 2.8 Provide interest rate forecasts for investment and borrowing purposes.
- 2.9 Provide advice on interest target rates as required, for both investment and borrowing.

- 2.10 Provide advice on regulatory or statutory changes that may affect the Council.
- 2.11 Provide guidance and assistance on producing the Council's Treasury Management Strategy, Annual Investment Strategy, Mid-year Review and year-end outturn reports, including document templates.
- 2.12 Undertake Balance Sheet reviews and advise on results.
- 2.13 Provide benchmarking data from similar organisations, to allow comparison and evaluation of the Council's treasury management performance.
- 2.14 Provide treasury management accounting advice and information compliant with the CIPFA Code of Practice on Treasury Management.
- 2.15 Provide CIPFA compliant treasury management accounting advice and information for inclusion in the Council's Statement of Accounts.
- 2.16 Demonstrate transparency over commissions received by advisor, on products being offered to the Council.

Investment Advice

- 2.17 Provide proactive and innovative advice to the Council on the treasury management portfolio of investments, that meets the overarching requirement of security first, followed by liquidity and then yield on the investment.
- 2.18 Provide the Council with a Counterparty Report on a daily basis that includes data from the major credit rating agencies, supplemented by market data and sovereign rating. The Counterparty report is to be tailored to the Council's requirements and risk appetite.
- 2.19 Provide advice on the potential to diversify investments.
- 2.20 Report on a monthly basis a summary of investment activity.
- 2.21 Provide advice on the selection and suitability of fund managers and money market funds.
- 2.22 Provide calculation of a Fair Value of Financial Instruments, for inclusion in the Council's Statement of Accounts.
- 2.23 Provide advice on how to maximise returns within the Council's requirements and CIPFA's Code of Practice for Treasury Management.

Borrowing Advice

- 2.24 Provide proactive and innovative advice to the Council on its need to borrow
- 2.25 Review current treasury management borrowing and advice on potential opportunities to reschedule debt and maturity profile.
- 2.26 Provide forecasts on movement of interest rates which affect the timing of funding with fixed rate debt, conversion of variable rate debt to fixed, conversion of fixed rate debt to variable and the early repayment of debt.
- 2.27 Provide advice on borrowing options
- 2.28 Provide advice and support on the selection and suitability of alternative borrowing providers
- 2.29 Provide advice on minimising the cost of servicing the Council's debt.
- 2.30 Evaluate and provide option appraisals on asset finance
- 2.31 Provide advice on MRP policy
- 2.32 Report on a monthly basis a summary of borrowing activity

Training

- 2.33 Provide Officer Training Events and workshops (minimum 2 per annum), to be held in the wider south / west region of the UK, with a minimum of 3 training spaces per event.

3. Contract and Performance Review Requirements

- 3.1 The Contract review will form part of the quarterly strategic meeting.
- 3.2 The successful Tenderer must demonstrate appropriate experience, capabilities and knowledge to meet the requirements of the Contract, including sound knowledge of accounting, statutory guidance, legislation and CIPFA requirements, all in relation to local government
- 3.3 The successful Tenderer will ensure that service delivery is continually reviewed and addressed so that improvements are continuously incorporated into the contract.

4. Invoicing

- 4.1 The successful Tenderer must make all invoices payable by Torbay Council with Torbay Council's name and address and marked with senders name and address.
- 4.2 All Invoicing for Treasury Management Advisory Services, must contain a full breakdown of costs on each individual invoice submitted and must be sent to Torbay Council for payment on a monthly basis (as appropriate).
Please note: if required by the successful Tenderer, the Council is prepared to pay annually, in advance.
- 4.3 The Authority's settlement terms are 30 days from receipt of the goods and services or the invoice, whichever is the later.
- 4.4 The successful Tenderer must always obtain an official Torbay Council Purchase Order and quote the corresponding number on all invoices.
- 4.5 Invoices must be emailed to the Payments Section directly (Email: payments.section@torbay.gov.uk and also a copy must be emailed to: financial.services@torbay.gov.uk
- 4.6 Disputed parts of invoices and invoices not bearing Torbay Council purchase order numbers will not be paid and a corrected invoice will be requested.
- 4.7 Payment will be by BACS and remittance advices will be transmitted to the successful Tenderer by email or fax if email addresses and/or fax numbers are provided.

5. Added Value

5.1 Further Services Offered

The successful Tenderer will be expected to suggest as part of its response to the Evaluation Method Statements any additional products or services that they may be able to offer as part of this Contract or any other added value that their offer might be able to bring to the Authority. Applicants are expected to build any such offers into their submissions regardless of whether specific questions are asked along these lines or not, such as:

- On-site training to members;
- Additional local training for treasury management officers;
- Advice on 'green' investments.

5.2 Social Value, Sustainability, Environmental Considerations

The Authority is seeking a Provider who will add value to the Contract by providing additional community benefits which support the Council's ambitions for a prosperous and healthy Torbay, as identified in the Corporate Plan 2015-19:

<http://www.torbay.gov.uk/council/policies/corporate/corporate-plan/>

Applicants should take into account the following key areas in formulating their response:

5.2.1 Jobs: Promote local skills and employment;

5.2.2 Growth: supporting growth of responsible regional business;

5.2.3 Social: Healthier, safer and more resilient communities;

5.2.4 Environment: protecting and improving our environment;

5.2.5 Innovation: promoting social innovation.

6. Scope and Nature of Possible Modifications or Options

6.1 The Council may require the contract to be modified in response to changes in:-

- Legislation;
- Statutory guidance;
- CIPFA guidance;
- The financial markets.

7. Awarding the Contract on Behalf of Other Contracting Authorities

7.1 The Authority is not purchasing on behalf of other contracting authorities.