

REPORT TO: CITY GOVERNANCE COMMITTEE – 23 JUNE 2025

REPORT ON: SOURCING STRATEGY AND PROPOSED TENDER AWARD FOR TREASURY SERVICES

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 190-2025

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide an update on the development of a sourcing strategy for the tender process for Treasury Advisory Services and to seek approval to commence a compliant tender process, leading to the award of a contract.

2. RECOMMENDATION

It is recommended that the Committee approves the commencement of a direct award to MUFG Corporate Markets Treasury Ltd (formerly Link Treasury Services Ltd) in respect of the provision of Treasury Services, based on the sourcing strategy summarised in this report.

3. FINANCIAL IMPLICATIONS

- 3.1 The contract will be for an initial period of 3 years with the option to extend for a further 2 years. If the extension is applied, the projected total cost across the 5-year contract would be circa £75,000. The contract will be funded from the Corporate Services Revenue Budget for which budget provision has been made.

4. DETAILS OF THE PROJECT BEING COMMISSIONED

- 4.1 The contract objective is to source Treasury Advisory Services to assist in managing the Council's financing requirements. The contract period is for a total of 5 years, which is further broken down to an initial 3 years, with options to extend for 2 additional years. The budget value for this contract is approximately £75,000 over the contractual period.
- 4.2 There are no alternative delivery opportunities as this type of service is provided by specialist companies. It is also unsuitable for collaboration, as service provision is for bespoke services to each specific authority based on their individual financial circumstances.

5 SOURCING STRATEGY SUMMARY

- 5.1 Although this contract is for specialist financial services, there is a framework available. This is the ESPO Framework 664_21 for Consultancy Services – Lot 2h: Treasury Management. There are 5 suppliers on the list, however, the Council wish to direct award as the other providers offer services that are focused on England and Wales legislation and regulations. Most of the Scottish Councils use the incumbent provider, therefore providing a network where information and intelligence is shared. Furthermore, the provider also has close links with both Scottish Government and Cipfa, which enhances the services provided, especially in environment of changing regulation. The provider has a range of specialties and a proven record of providing quality services to Scottish local authorities.
- 5.2 The expected range of benefits that this contract will deliver is limited as this is a contract for specialist financial services. There are expected economic benefits in the form of bespoke financial advice to assist in managing Council finances, delivering financial value by optimizing

liquidity and cash flow, reducing financial risks, and streamlining operations to cut costs. These services provide enhanced returns on surplus cash, support strategic financial planning like debt management and capital structuring, and ensure compliance with financial regulations, which strengthen the Council's financial position and resilience.

6. RISK ANALYSIS

- 6.1 There are four standard risks in any procurement and for public sector regulated procurement. A fifth is added, that of the procurement exercise itself breaching the public contract regulations and leaving the Council open to a legal challenge.

Description of Risk	Actions to be taken to manage Risk
Commercial Risk – That either the price objectives are not achieved up front or there are other costs that arise during the contract and diminish the overall benefits.	Under the framework agreement, if a direct award is made, the rates are capped throughout the customer contract.
Technical Risk – This concerns the difficulty in being able to specify the desired outcome and on the market being unable to deliver to the specification	The specification is contained within the framework.
Performance Risk – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits	Company serves most of Scottish local authorities. Framework Service Specification and Contract Conditions provide a structure for monitoring performance.
Contractual Risk – Being able to remedy the company's shortcomings in the contractor's performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops.	Company serves most of Scottish local authorities. Framework Service Specification and Contract Conditions provide a structure for monitoring performance.
Legal Risk – where a procurement is found unsound in law, through the public procurement rules	Procurement is through a legally compliant Framework.

7. CONCLUSION

- 7.1 The information above demonstrates clarity of sourcing strategy for the procurement of services.

8. POLICY IMPLICATIONS

- 8.1 This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

9. CONSULTATION

- 9.1 The Council Leadership Team were consulted in the preparation of this report.

10. BACKGROUND PAPERS

- 10.1 None

PAUL THOMSON

EXECUTIVE DIRECTOR OF CORPORATE SERVICES

DATE: 26 MAY 2025

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