EXEMPTION FROM PROCURMENT RULES

Treasury Advisors to the Council

Background

Over recent years, the Council has used the services of MUFG Corporate Markets Treasury Ltd (Formerly Link Treasury Services Ltd) in respect of general treasury management services / advice, with the main activities provided being:

- Notification of credit ratings from all three agencies for the purposes of determining a list of approved organisations, and changes to the ratings;
- Provision of interest rate forecasts;
- Advice and guidance on new Government directives;
- Advice and access to recommended best practice on Treasury Strategy, and the Prudential Code, including the Prudential Indicators.

The current 3-year contract expired at the end of August 2025 with the current contract costs being:

2022/23 - £7,250
2023/24 - £7,500
2024/25 - £7,750

There was a very limited response back in 2017 when the service was last tendered, with only one respondent. This reflects the very limited and specialised nature of general treasury advisory services within the UK Local Government Sector. Although there are a number of potential providers of treasury / investment advice services, they are usually associated with specific and major projects rather than 'corporate / general' advisory services on a more day to day basis. Via undertaking a market review, and similarly to the position back in 2017, there remains primarily two main organisations currently providing the services the Council wishes to procure and they are our current provider (MUFG Corporate Markets Treasury Ltd) and Arlingclose. Arlingclose were invited to submit a tender back in 2017, which they declined.

Current Position and Proposal

The services provided by MUFG Corporate Markets Treasury Ltd over the past 3 years have been good. In the knowledge that the current contract was coming to an end, they have offered Tendring and opportunity to renew the contract for an additional £250.00 per annum on a 2 year contract with 1 year possible extension. Given the proximity to Local Government reorganisation in 2028 this will mean an additional £750 over the 2 years above the 2024/25 baseline with total contract costs being £16,250.00. This represents relatively modest inflationary increases over the two year period.

With the above in mind a review of the prices charged by the alternative provider (Arlingclose) has been undertaken to inform the decision proposed. Arlingclose have historically been significantly more expensive than MUFG Corporate Markets Treasury Ltd for similar services provided. A review of a number of Local Authorities who have recently engaged Arlingclose indicates their annual price remains significantly higher than the prices quoted by MUFG Corporate Markets Treasury Ltd, with some Local Authorities paying in excess of £20k per annum.

Based on the above and the limited annual cost involved, it is proposed to renew the contract for an initial period of two years (with an option to extend for a further one year) with MUFG Corporate Markets Treasury Ltd at a total cost of £16,250.00 over the initial two year period.

It is felt that renewing the contract with MUFG Corporate Markets Treasury Ltd will continue to provide the Council with good value for money in terms of both price and the quality of services offered.

The small increase in annual costs can be accommodated within the annual budget review process.

To enable the Council to confirm the above, an exemption from procurement rules is requested in consultation with the Corporate Finance and Governance PFH.

Recommended

Signed ………………………………………………………………

Richard Barrett
Corporate Director Finance & IT
Section 151 Officer

If you concur with the above and an exemption from procurement rules is appropriate / justified, please confirm agreement below:

Signed ………………………………………………………………

Cllr M Stephenson
Leader of the Council and Portfolio Holder for Corporate Finance and Governance