

Resources and Regeneration Directorate

Treasury Management Advisory Service

Specification of Service

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Lewisham

Resources and Regeneration Directorate

Treasury Services

Specification of Service

1. Introduction and Context

The London Borough of Lewisham is retendering the contract for treasury management advisors. The new contract will run from the 1st April 2013 to 31st March 2016 with a possible extension for one year to 31st March 2017 at the sole discretion of the Council..

Lewisham's treasury operations currently include a debt portfolio of approximately £205m and investments of approximately £280m. These are subject to change over the contract period. The authority is a housing authority and has a Housing Revenue Account.

The investment strategy is designed to optimise investment returns for appropriate levels of risk, with a generally risk-averse bias. The Council currently uses various counterparties for investment purposes. In the main money market funds, fixed term and overnight deposits with banks, and call accounts and the DMO are currently used for investment purposes. The Council is looking to extend this to include treasury bills with effect from 1st April 2013.

The successful consultancy will liaise closely with the Executive Director for Resources and Regeneration, Head of Business Management and Service Support (BMSS) and officers in the Budget Strategy team to ensure the Council's treasury strategy is designed to achieve the best performance given the risks on the downside and to security.

The award of this contract is fully compliant with the Council's Treasury Management Practices and in particular TMP11 on the use of External Service Providers. This sets out that:

'This Council will employ the services of other organisations to assist it in the field of treasury management. In particular, it will use external consultants to provide specialist

advice in this ever more complex area. However, it will ensure that it fully understands what services are being provided and that they meet the needs of this organisation, especially in terms of being objective and free from conflicts of interest.'

Suitable organisations should have a strong track record of advising local authorities on treasury matters and adding value to decision making.

2. Core

The core duties of the Treasury Management consultants are, but are not limited to, those described below:

To provide independent investment advice to the Executive Director for Resources and Regeneration and officers reporting to her on treasury management matters. These officers may include (but are not restricted to) the Head of BMSS, the Group Finance Manager for Budget Strategy, the Group Finance Manager for Accounting and Capital, the Principal Accountant, Accountant, and Assistant Accountant of the Budget Strategy team, and the Treasury Dealers.

In particular, this will call for a detailed review of all aspects of the Treasury Management Strategy and Treasury Management Outturn reports which are prepared for our Mayor and Cabinet, and are formally agreed by full Council.

Advice will be required to be given on any treasury management related issues, but specific requirements include:

- The provision of templates for the annual Treasury Management Strategy and the Treasury Management Outturn report. A review of the final documents prepared by officers of the Council.
- Quarterly meetings with officers to review the borrowing and investment strategies and recommend alternative options that deliver the Council's objectives.
- Advice on the outcome of the Balance Sheet review.
- Regular and timely information and advice on suitable counterparties to be included in the Council's lending list taking into account the Council's circumstances and risk appetite. This includes the timely provision of updates on the changes to credit ratings affecting the counterparties on the Council's lending list.
- Assistance with and advice on the selection of Fund Managers such as Money Market Funds.
- Provision of advice on opportunities for debt rescheduling or repayment which could result in revenue savings for the Council.
- Regular written briefings for officers on treasury management issues such as accounting and Code of Practice matters, economic outlooks, counterparty risk, regulation and best practice. Comprehensive interest rate forecasts should be included as part of the written economic outlook commentary.
- Provision of econometric data (e.g. LIBOR/LIBID, PWLB rates and other data feeds).
- A timely Credit rating service for individual institutions and countries, which may or may not include advice to the client on investment with specific parties.

- Provision of relevant benchmarking data

3. Timetable

The contract will run for a period of three years ending on the 31st March 2016, with the option of a one year extension at the sole discretion of the Council.

4. Working methods and codes of practices

The Council has to meet the requirements of the CIPFA Treasury Management Code of Practice, the Prudential Code, the code of practice on local authority accounting, and all other appropriate accounting practices and standards.

Advice and information provided must be in line with the relevant code of practice or accounting standard in force at the time.

Tenderer should not have any conflicts of interest in the provision of advice however, where this exists, it should be specifically explained in the tender along with an explanation as to how the advisor intends to deal with any such conflict. Non disclosure of any such conflict may lead to termination of the contract.

5. Quality and performance standards

The tenderer must be authorised by the Financial Services Authority to provide investment advice to local authorities.

The tenderer must have a strong track record of advising Local Authorities on Treasury matters and adding value to decision making.

Staff who provide advice to the Council must be appropriately qualified to do so.

All advice, information, templates, training, and reviews must be provided to the Council in time for it to remain relevant and for the Council to act upon it, to avoid any breach of statutory duties and financial loss.

6. Confidentiality

The tenderer must not disclose any financial information relating to the Council's Treasury Management Service to a third party except where the Council's prior permission has been obtained.

7. Reporting

Provision of monthly investment reports to the Council.

8. Training

Provision of relevant and timely training for Lewisham staff and Members on treasury management issues.