



Report to: Cabinet

Subject: Amendment to Treasury Management Counterparty List

Date: 5 November 2009

Author: Head of Corporate Services

Members will be aware that the Council's Treasury Management counterparty list is kept under constant review. An opportunity has arisen to place funds with Royal Bank of Scotland, in an instant access account currently paying 0.3% over base rate, ie. 0.8% at the present time. This is fractionally above the rates currently being received from other counterparties. Whilst the rate on offer is still very low, the addition of a further counterparty will allow a better spread of deposits, and therefore mitigate further any potential risk to the Council.

The Fitch credit ratings for Royal Bank of Scotland (RBS) are technically outside the criteria set for the Council's counterparties. Accordingly RBS is not used at present. However, given that RBS is now effectively part-owned by the AAA sovereign rated British Government, it is considered that the risk attached to this counterparty is negligible, and permission to allow its use is sought. Members will recall approving a similar request at Cabinet on 5 February 2009, permitting the use of Bank of Scotland, part of the Lloyds banking group, for the same reason.

In order to make use of the RBS facility it is also necessary to have in place an indemnity allowing facsimile transmission of instructions to repay deposits to the Council on maturity. The Head of Corporate Services as proper officer for banking purposes will sign this indemnity on behalf of the Council, in accordance with normal delegation arrangements, however on this occasion RBS require evidence of Members' approval.

RECOMMENDATIONS

- 1.** To authorise the Head of Corporate Services to make use of facilities offered by Royal Bank of Scotland (RBS) for Treasury Management purposes, despite their current rating falling outside the previously approved limits.
- 2.** To formally authorise the Head of Corporate Services to sign the facsimile indemnity on behalf of the Council, this being required by RBS.