

**REPORT TO: SUPERANNUATION INVESTMENT SUB-COMMITTEE OF THE POLICY
AND RESOURCES COMMITTEE - 4 MARCH 2013**

REPORT ON: TREASURY MANAGEMENT STRATEGY

REPORT BY: DIRECTOR OF CORPORATE SERVICES

REPORT NO: 123-2013

1 PURPOSE OF REPORT

1.1 This report reviews the Treasury Management Strategy for Tayside Superannuation Fund.

2 RECOMMENDATIONS

2.1 The Committee are asked to approve the Treasury Management Strategy including list of permitted counterparties.

3 FINANCIAL IMPLICATIONS

3.1 The Superannuation Fund will pay a fee of £6,000 per annum to Dundee City Council for the provision of a treasury management service.

4 BACKGROUND

4.1 From 1 December 2009, the Tayside Superannuation Fund has operated a separate bank account from that of Dundee City Council. This is considered best practice and ensures greater transparency of Superannuation Fund money.

4.2 Although the Superannuation Fund's investments are all managed externally there are frictional cash balances which are held internally. These arise from timing differences between receipt of pension contributions and payment of pensions within the month.

4.3 The third Treasury Management Strategy for the Superannuation Fund was agreed on 27 February 2012 (Report No 105-2012). This report reviews this strategy.

5 TREASURY MANAGEMENT STRATEGY

5.1 The Superannuation Fund's Treasury Management Strategy will be based on cash flow management to ensure that sufficient funds are held to make all necessary payments.

5.2 The primary concern will be to ensure the security of cash to allow the capital to be preserved. Secondly the cash must be easily accessible. The return earned will only be considered once the first two conditions are satisfied.

5.3 The most suitable vehicles will either be call accounts with the major clearing banks or money market funds. Over the next year it is expected that call accounts will continue to be more secure because of the government guarantee and also that they will offer a better return.

5.4 A suggested list of permitted counterparties with limits is shown at Appendix 1.

6 POLICY IMPLICATIONS

6.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

7 CONSULTATION

7.1 The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

8 BACKGROUND PAPERS

None

**MARJORY M STEWART
DIRECTOR OF CORPORATE SERVICES**

25 FEBRUARY 2013

APPENDIX 1**PERMITTED COUNTERPARTIES FOR INVESTMENT TRANSACTIONS**

<u>Approved Lending Bodies</u>	<u>Short Term Credit Rating</u>	<u>Maximum Deposits £m</u>
<u>Banks</u>		
Royal Bank Of Scotland Plc	F1	5*
Lloyds Banking Group (Inc HBOS)	F1	5
<u>Money Market Funds</u>	AAA	5

* This £5m limit applies to the call account. Additional smaller balances (less than £1m) may also be held in the current account.

Any institution whose credit rating falls below the limits set above will no longer be a permitted counterparty for further transactions.