

**REPORT TO: PENSION INVESTMENT SUB-COMMITTEE OF THE POLICY AND RESOURCES COMMITTEE – 2 SEPTEMBER 2013**

**REPORT ON: TREASURY MANAGEMENT STRATEGY AMENDMENT**

**REPORT BY: DIRECTOR OF CORPORATE SERVICES**

**REPORT NO: 360-2013**

**1 PURPOSE OF REPORT**

1.1 This report amends the Treasury Management Strategy for Tayside Pension Fund.

**2 RECOMMENDATIONS**

2.1 The Committee are asked to approve the Treasury Management Strategy including amended 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 4<sup>TH</sup> March 2013 (Report No 123-2013). This report reviews this strategy.

**5 TREASURY MANAGEMENT STRATEGY AMENDMENT**

5.1 A revised list of permitted counterparties with limits is shown at Appendix 1. Santander UK Plc have been added to provide additional choice, flexibility and competitive rates.

**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**

**22 AUGUST 2013**

**APPENDIX 1****PERMITTED COUNTERPARTIES FOR INVESTMENT TRANSACTIONS**

| <u>Approved Lending Bodies</u>  | <u>Short Term Credit<br/>Rating</u> | <u>Maximum Deposits<br/>£m</u> |
|---------------------------------|-------------------------------------|--------------------------------|
| <u>Banks</u>                    |                                     |                                |
| Royal Bank of Scotland Plc      | F1                                  | 5                              |
| Lloyds Banking Group (inc HBOS) | F1                                  | 5                              |
| Santander UK Plc                | 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.