

Potential change to Treasury Management Strategy

Add following criteria to Counterparty Criteria

Part nationalised UK banks with a minimum short term rating of F1, long term rating A and support rating 3 (or equivalents). This criteria allows the use of Lloyds and RBS up to a maximum period of 1 year which will allow the Council to adjust its investment position in the event that these institutions are planned to be privatised. It is expected that the UK Government will provide adequate notice of privatisation to all the Council to review its position.

Rates offered by RBS and Lloyds

Current rate offered by Money Market Funds	0.50%
Rates Offered by RBS 9 Month maturity	1.58%
Rates Offered by Lloyds 9 Month maturity	1.60%

Assume worst case scenario and MPC holds rates for a further 9 months, what interest would £14m earn

	Interest
Interest earned on Money Market funds £14m	£52,000
Rates Offered by RBS 9 Month maturity - £7m	£82,950
Rates Offered by Lloyds 9 Month maturity - £7m	£84,000
Interest income gain	£114,000