

COUNCIL

TUESDAY, 28TH JULY, 2020

At 6.15 pm

in the

VIRTUAL MEETING - ONLINE ACCESS,

SUPPLEMENTARY AGENDA

PART I

| <u>ITEM</u> | <u>SUBJECT</u> | <u>PAGE NO</u> |
|-------------|---|--------------------|
| | <u>Counterparty List Addition</u> To consider the above report | 3 - 6 |

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| | |
|--|--|
| Report Title: | Counterparty List addition |
| Contains Confidential or Exempt Information? | No - Part I |
| Member reporting: | Councillor Hilton, Lead Member for Finance and Ascot |
| Meeting and Date: | Full Council – 28 July 2020 |
| Responsible Officer(s): | Andrew Vallance, Head of Finance / Deputy S151 Officer |
| Wards affected: | All |

REPORT SUMMARY

- 1 This report requests the addition of Leisure Focus Trust to the Council's approved Counterparties list as recommended by Cabinet at its meeting on the 25th of June 2020.

1. DETAILS OF RECOMMENDATION(S)

RECOMMENDATION: That Council notes the report and endorses the actions proposed:

- i) Approves the addition of Leisure Focus Trust to the list of the Council's approved Counterparties with a maximum sum to be lent of £0.35m.

2. REASON(S) FOR RECOMMENDATION(S) AND OPTIONS CONSIDERED

Options

Table 1: Options arising from this report

| Option | Comments |
|--|---|
| Approve the addition to the counterparty list of Leisure Focus Trust. This is the recommended option | Approval will allow the company to operate and deliver the new contract. |
| Do not approve the addition to the counterparty list of Leisure Focus Trust. | This will make it challenging for the new Leisure Trust to operate and deliver the contract agreed. |

- 2.1 The Council is required to produce a Counterparty list and update it as required.

KEY IMPLICATIONS

Table 2: Key Implications

| Outcome | Unmet | Met | Exceeded | Significantly Exceeded | Date of delivery |
|---------------------------|------------------------------------|---------------------------|----------|------------------------|----------------------------|
| The new Leisure Trust can | Counterparty addition not approved | Added to the Counterparty | n/a | n/a | 28 th July 2020 |

| Outcome | Unmet | Met | Exceeded | Significantly Exceeded | Date of delivery |
|-----------------------------------|-------|-------------------|----------|------------------------|------------------|
| operate the contract as required. | | list and approved | | | |

- 2.2 If approved, the Council will be able to lend up to £350,000 to Leisure Focus Trust for an initial period of no longer than 12 months. As this relates to State Aid a commercial rate of interest will be applied.
- 2.3 The trust has no cash assets and will require support with liquidity initially to operate and deliver the agreed contract.
- 2.4 The transfer of any funding to Leisure Focus Trust will subject to a legally binding Loan Facility Agreement, which will include restrictions on the use of the funding by the trust. This agreement will be entered into only if the S151 officer is confident that it is in the best interest of the council to do so.

3. FINANCIAL DETAILS / VALUE FOR MONEY

Table 3: Financial Impact of report's recommendations

None

4. LEGAL IMPLICATIONS

- 4.1 In producing and reviewing this report the council is meeting its legal obligations to monitor its financial position.

5 RISK MANAGEMENT

- 5.1 Any transfer of funds will be subject to a legally binding loan agreement between RBWM and Leisure Focus Trust.

6 POTENTIAL IMPACTS

- 6.1 Equalities – none
- 6.2 Climate change/sustainability – none
- 6.3 Data Protection/GDPR –none

7 CONSULTATION

None.

8 TIMETABLE FOR IMPLEMENTATION

- 8.1 If approved, Leisure Focus Trust would be added to the counterparty list with immediate effect.

9 APPENDICES

- 9.1 This report is supported by one Appendix.

- Appendix A Revised Counterparty list

10 BACKGROUND DOCUMENTS

- 10.1 This report is not supported by any background documents:

11 CONSULTATION (MANDATORY)

| Name of consultee | Post held | Date sent | Date returned |
|-------------------|---|------------|---------------|
| Cllr Hilton | Lead Member for Finance and Ascot | 20/07/2020 | 21/07/2020 |
| Duncan Sharkey | Managing Director | 20/07/2020 | |
| Russell O'Keefe | Executive Director of Place | 20/07/2020 | 20/07/2020 |
| Adele Taylor | Director of Resources/S151 Officer | 20/07/2020 | 20/07/2020 |
| Kevin McDaniel | Director of Children's services | 20/07/2020 | |
| Hilary Hall | Deputy Adults, Commissioning and Health | 20/07/2020 | 20/07/2020 |
| Elaine Browne | Head of Law | 20/07/2020 | 20/07/2020 |
| Mary Severin | Monitoring Officer | 20/07/2020 | |
| Andrew Vallance | Head of Finance | 20/07/2020 | 20/07/2020 |
| Nikki Craig | Head of HR, Corporate Projects and IT | 20/07/2020 | 20/07/2020 |
| Louisa Dean | Communications | 20/07/2020 | |
| Karen Shepherd | Head of Governance | 20/07/2020 | 20/07/2020 |

REPORT HISTORY

| Decision type: | Urgency item? | To Follow item? |
|--|---------------|-----------------|
| Council decision | No | Yes |
| Report Author: Ruth Watkins, Chief Accountant. | | |

APPENDIX A

Royal Borough of Windsor & Maidenhead Approved Counterparty List (Approved by Cabinet on 03/12/2019)

| Fitch Ratings | FITCH ShortTerm Rating | FITCH Long Term Rating | FITCH Outlook | Max. Sum To Be Lent £m | |
|--|-------------------------------|-------------------------------|----------------------|-------------------------------|----------------|
| UK | | | | | |
| Government | | | | | |
| Debt Management Office | F1+ | AA- | Negative (watch) | no limit | |
| Banks | | | | | |
| Abbey National Treasury | F1 | A- | Negative | 5 | |
| Australia and New Zealand Bank | F1+ | A+ | Negative | 5 | |
| Barclays Bank | F1 | A+ | Negative (watch) | 5 | |
| Clydesdale Bank | F2 | A- | Negative (watch) | 5 | |
| HSBC | F1+ | A+ | Negative (watch) | 5 | |
| Lloyds Banking Group | F1 | A+ | Negative (watch) | 7.5 | |
| National Australia Bank Ltd | F1+ | AA- | Negative | 5 | |
| Royal Bank of Canada | F1+ | AA- | Negative | 5 | |
| Royal Bank of Scotland | F1 | A | Negative (watch) | 5 | |
| Santander UK | F1 | A+ | Negative (watch) | 5 | |
| Standard Chartered | F1 | A- | Negative (watch) | 5 | |
| Ulster Bank | F1 | A- | Negative (watch) | 5 | |
| Building Societies (max £3m per loan) | | | | | |
| All Building Societies with total group assets greater than £6 billion and FITCH Long term rating of BBB or better | | | | | |
| Coventry | F1 | A- | Negative (watch) | 5 | |
| Nationwide | F1 | A | Negative (watch) | 5 | |
| Yorkshire | F1 | A- | Negative (watch) | 5 | |
| Leeds | F1 | A- | Negative (watch) | 5 | |
| Skipton | F1 | A- | Negative (watch) | 5 | |
| Local Authorities | | | | | |
| All UK Local Authorities, with the exception of those with reported financial irregularities. | | | | 5 | |
| Money Market Funds | | | | | |
| All money market funds with a Fitch AAA long term credit rating, including: | | | | | |
| Federated Short Term Sterling Prime Fund | | AAA | | 5 | |
| Invesco Sterling Liquidity Fund | | AAA | | 5 | |
| Aberdeen Sterling Liquidity Fund | | AAA | | 5 | |
| Insight GBP Liquidity Fund | | AAA | | 5 | |
| LGIM Sterling Liquidity Fund | | AAA | | 5 | |
| Revolving Credit Facility | | | | | |
| AFC | | | | 11.7 | |
| Financial Services Companies | | | | | |
| Kames Capital | | | | 1 | |
| Legal & General | | | | 1.5 | |
| RBWM associated companies | | | | | |
| Flexible Home Improvement Loans Ltd | | | | 0.5 | |
| RBWM Property Company Ltd | | | | 1.5 | |
| Charitable Trusts | | | | | |
| Leisure Focus Trust | | | | 0.35 | To be approved |

SHORT TERM RATING

Expectation of timely repayment of financial commitments.

F1+ is most likely to repay on time, **F1** Highest Credit, **F2** Good, **F3** Fair, **B** Speculative, **C** High Default Risk

LONG TERM RATING

Expectation of credit risk. **AAA** is the least risky, ie little credit risk. **AA** Very High Credit, **A** High, **BBB** Good.

Below BBB indicates non-investment grade