
Finance and Resources Committee Meeting –16 March 2009

MONEY MARKET PROVIDER UPDATE – PUBLIC PAPER

Introduction

This paper relates to the use of money market investment providers for the HPC.

Decision

The Committee is requested to approve the use of Lloyds bank as a third money market provider.

Background information

A paper was provided to the Committee at its February meeting to note the appointment of Barclays and HSBC banks as additional money market providers to Natwest, to spread our financial institutional risk. Refer meeting minutes item 14.09/14/14.3.

Since then, we were notified that HSBC have declined to accept money market deposits, unless HPC's primary bank accounts are transferred to HSBC. The implications of changing the primary bank accounts from Natwest to another bank include;

1. Writing to approximately 153k registrants with existing direct debit arrangements, to get them to change the receiving bank details for collection. Changing the format and originator identification number accordingly.
2. Changing the payment transfer software that interfaces with SAGE - currently our SAGE system is formatted for Natwest's Payaway system to make payrun and payroll payments.
3. Changing residual cheque stationary stocks over to the new bank and setting up new bank mandate arrangements.
4. Changing bank account details for standing orders and direct debit arrangements (with HPC's preferred suppliers).
5. Holding open the Natwest account for unrepresented cheques until presented, or alternatively stopping those and reissuing unrepresented cheques from the new bank account. The cheques relate to registrant refunds and one off supplier payments.

After further consideration, the Committee is asked to approve the appointment of Lloyds Banking Group as the third money provider for the HPC and the transfer £1.5M of funds to a suitable Lloyds money market account. A recent Fitch credit rating dated 17 February rated Lloyds Banking Group PLC at AA- with an outlook of stable.

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2009-03-025	a	F&R	PPR	Reservespaper	Draft	Public
					DD: None	RD: None

Resource implications

Nil

Financial implications

CHAPs transfer charges at £23 per transaction.

Appendices

Nil

Date of paper

5 March 2009