

All CBC Schools

Our Ref: School Banking
Date: 21 October 2014

Dear Head Teacher

Interest receivable on bank balance

I refer to my previous letter of 26 March 2014, following the credit rating downgrade of NatWest and Royal Bank of Scotland in March 2014. In that letter I advised of the discontinuance of the interest arrangements for school balances.

Following further discussions with NatWest I am pleased to advise you that it is anticipated that by the end of November at the latest, school balances will attract an interest rate of 0.10%.

Whilst the credit rating of both NatWest and the Royal Bank of Scotland remains below the Council's minimum investment credit rating criteria, the Council will be maintaining minimal operating balances within its own accounts. My comments in my letter of 6 October 2014 still apply and your school should consider whether it would be appropriate to adopt similar arrangements to reduce its counterparty exposure with NatWest in terms of its school balances.

It should be noted that school balances are not covered by the Financial Services Compensation Scheme (FSCS), which provides savings protection for mainly private individuals of up to £85,000, since local authorities are not eligible to make a claim under the Scheme.

If you have any specific questions regarding this letter, please contact Anthony Dodridge in the Council's Treasury team on direct telephone 0300 300 5206.

Yours sincerely



Charles Warboys
Chief Finance Officer

Direct telephone 0300 300 6147

Email charles.warboys@centralbedfordshire.gov.uk