

**PROVISION OF TREASURY MANAGEMENT SERVICES BY
LINCOLNSHIRE COUNTY COUNCIL TO THE LINCOLNSHIRE COUNTY
COUNCIL PENSION FUND**

This is an agreement between the Pensions Committee and the Administering Authority Lincolnshire County Council (LCC), such that:

- 1 A separate bank account operates for the purpose of the Pension Fund.
- 2 The Pension Fund's projected daily cash balances will be pooled with the Council's daily balances for investment purposes. The Council will pay the Fund interest on its' daily cash balance, at the actual interest rate earned on the pooled daily balances each day. This interest will be calculated as follows:

$$\frac{\text{Pension Fund daily balance}}{365} \times \text{Actual interest rate earned on pooled balances}$$

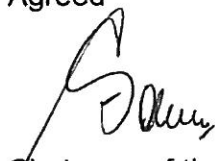
The daily Pension Fund interest calculated will be allocated to the Pension Fund balance on the first day following the month end. Total annual interest accrued will be physically transferred to the Pension Fund bank account at the end of the financial year.

- 3 The LCC Treasury Manager will invest the Pension Fund's cash balances with counterparties on behalf of the Pension Fund in accordance with the County Council's Treasury Management Strategy.
- 4 The Pension fund will adhere to the policies and practices followed by the Council as outlined in the CIPFA Code of Practice for Treasury Management in the Public Services and detailed in its' Treasury Management Practices (TMP's).
- 5 The LCC Treasury Manager will provide the Pension Fund with a quarterly report detailing:
 - a. average balance
 - b. interest earned
 - c. average yield
 - d. performance compared to benchmark.
- 6 The LCC Treasury Manager will monitor balance sheet cash adjustment codes for both the Council and the Pension Fund and make any necessary transfers of amounts between bank accounts on an ongoing basis throughout the year. The Pension Fund daily balance will be corrected for any incorrect banking of funds before interest is calculated (as in 2 above).

- 7 All banking fees incurred by the Pension Fund will be recharged to the Pension Fund each quarter.
- 8 The Pension Fund and LCC agree to share the risk of any investments in proportion to the value of cash balances at the time of investment. Any losses incurred as a result of impairment will be split proportionately between LCC and the Pension Fund.
- 9 The LCC Treasury Team may arrange a temporary loan from a bank for up to 90 days in order pay benefits due under the Pension Fund Scheme or to meet investment commitments.
- 10 LCC is required to maintain full and accurate records in the performance of this service and must make these available for inspection by the Pension Fund internal or external auditors on request.
- 11 LCC will recharge the Pension Fund for the cost of this service as a proportion of the staff costs involved, as agreed with the Pension Fund and LCC.

This agreement is effective from 1 April 2010 and will be subject to annual review by the Pensions Committee.

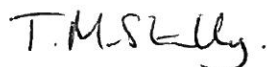
Agreed



Chairman of the Pensions Committee

Date: ... 20 April 2010

Agreed



Lincolnshire County Council

Date: ... 15.4.10