

Approved Investment Counterparties	Specified Investments		Non-specified Investments		
	Cash limit	Time limit	Cash limit	Time Limit up to 1 year 1 year +	
Banks and Building Societies – Secured Deposits					
long-term credit ratings no lower than AA (or equivalent)	£5M each	364 days	£5M each	-	6 years
long-term credit ratings no lower than AA- (or equivalent)	£4M each	364 days	£4M each	-	4 years
long-term credit ratings no lower than A- (or equivalent)	£3M each	364 days	£3M each	-	2 years
Banks and Building Societies – Unsecured Deposits					
long-term credit ratings no lower than AA (or equivalent)	£5M each	9 months	£3M each	-	3 years
long-term credit ratings no lower than AA- (or equivalent)	£4M each	6 months	£2M each	-	2 years
long-term credit ratings no lower than A- (or equivalent)	£3M each	4 months	£2M each	-	18 months
The Council's current account banker - provided long term credit rating no lower than BBB- (or equivalent)	-	-	£3M	next day	-
Corporates or Registered Providers with long-term credit ratings no lower than A- (or equivalent)	£3M each	4 months	£2M each	-	18 months
Unrated institutions , such as some building societies	-	-	£1M each	4 months	-
Company Shares where no direct service benefit arising, for the prudent management of its financial affairs	-	-	£100,000	n/a	
Pooled funds (incl. money market funds)					
long-term credit ratings no lower than A- (or equivalent)	£5M each	n/a	-	-	-
unrated or long-term credit ratings under A- (or equivalent)	-	-	£4M each	-	n/a
UK Government	no limit	364 days	no limit	-	50 years
Other Government with long-term-credit ratings no lower than A- (or equivalent)	£5M each	364 days	£3M each	-	5 years
UK Local Authorities* (irrespective of credit rating)	£5M each	364 days	£3M each	-	4 years
* as defined in the Local Government Act 2003					

The maximum that will be lent to any one organisation (other than the UK Government) will be £5 million, to limit the potential loss in the case of any single counterparty failure.

- (a) the combined **Secured and Unsecured Investments** made with any one counterparty will not exceed the cash limit for Secured Investments, and
- (b) the combined value of the total of **Specified and Non-Specified Investments** with any one counterparty will not exceed the highest limit for any individual class of investment set out above

Investment in any bank that forms part of a group of banks under the same ownership will be subject to a Group Limit equal to the limit that would apply to the parent company.

Specified Investments are those expected to offer relatively high security and liquidity, and can be entered into with the minimum of formalities. The MHCLG Guidance defines Specified Investments as those:

- denominated in pounds sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,

- a UK local authority, parish council or community council, or
- a body or investment scheme of “high credit quality”.

High Credit Quality

This Council defines “high credit quality” organisations as those having a credit rating of A- or higher, if either domiciled in the UK *or* in foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds, “high credit quality” is defined as those having a credit rating of A- or higher.

Non-Specified Investments

Any investment not meeting the definition of a Specified Investment is classed as Non-Specified. They will only be made in the following categories

- (a) shorter term investments in bodies and schemes with low or no credit ratings – these will be closely monitored by the Treasury Management Group (TMG), chaired by the Director of Finance and IT, and will follow advice given by the Council’s Treasury Management Advisers
- (b) long-term investments, i.e. those that are due to mature in 12 months or longer from the date of the arrangement (in higher rated counterparties)
- (c) treasury investments defined as capital expenditure by legislation, such as company shares, where there is a potential for a beneficial treasury impact.

The Council does not intend to make any investments in foreign currencies.

Overall limits also apply on Non-specified Investments, as shown the table below.

Non-Specified Investments - Overall Limits	Cash limit
Total long-term investments	£7 M
Total investments without credit ratings or rated below A-	
Building Societies or Banks (subject to additional overview)	£7 M
Council’s current account bank (in addition to the above)	£3 M
Pooled Funds and Money Market Funds	£15 M
Total non-specified investments	£30 M