

Appendix 2

Specified and Non Specified Investments

1.	<p><u>Specified Investments identified for use by the Council:</u></p>																				
1.1	<p>Specified Investments will be those that meet the criteria in the ODPM Guidance, i.e. the investment</p> <ul style="list-style-type: none"> • is sterling denominated • has a maximum maturity of 1 year • meets the “high” credit criteria as determined by the Council or is made with the UK Government or is made with a local authority in England, Wales and Scotland. • the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate). 																				
1.2	<p>“Specified” Investments identified for use are:</p> <ul style="list-style-type: none"> ▪ Deposits in the DMO’s Debt Management Account Deposit Facility ▪ Deposits with UK local authorities ▪ Deposits with banks and building societies ▪ *Certificates of deposit with banks and building societies ▪ *Gilts : (bonds issued by the UK government) ▪ *Bonds issued by multilateral development banks ▪ Money Market Funds, i.e. ‘AAA’ liquidity funds with a 60-day Weighted Average Maturity (WAM) ▪ * Other Money Market Funds – i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and subsequent amendments** <p>1. * Investments in these instruments will be on advice from the Council’s treasury advisor. 2. The use of the above instruments by the Council’s fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the manager.</p>																				
1.3	<p>For credit rated counterparties, the minimum criteria will be the short-term ratings assigned by one or more of the following agencies (Moody’s Investors Services, Standard & Poor’s, Fitch) <i>example : Short-term : P-1 (Moody’s) or A-1 (S&P) or F1 (Fitch)</i></p>																				
1.4	<p>** Included within DCLG’s recent Exposure Draft for amendments to the Capital Finance and Accounting Regulations are investments potentially exempt from the capital expenditure rule. The statutory instrument number will only be known nearer the date of its implementation.</p>																				
2	<p><u>Non-Specified Investments identified for use by the Council:</u></p>																				
2.1	<p>Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council’s use :</p>																				
	<table border="1"> <thead> <tr> <th data-bbox="183 1556 837 1635"></th> <th data-bbox="837 1556 997 1635">In-house use</th> <th data-bbox="997 1556 1157 1635">Maximum maturity</th> <th data-bbox="1157 1556 1316 1635">Max % of portfolio or £m</th> <th data-bbox="1316 1556 1477 1635">Capital expenditure?</th> </tr> </thead> <tbody> <tr> <td data-bbox="183 1635 837 1736"> <ul style="list-style-type: none"> ▪ Deposits with banks and building societies ▪ Certificates of deposit with banks and building societies </td> <td data-bbox="837 1635 997 1736" style="text-align: center;">✓</td> <td data-bbox="997 1635 1157 1736" style="text-align: center;"><u>5 yrs</u></td> <td data-bbox="1157 1635 1316 1736" style="text-align: center;"><u>60%</u> in aggregate</td> <td data-bbox="1316 1635 1477 1736" style="text-align: center;">No</td> </tr> <tr> <td data-bbox="183 1736 837 1982"> Gilts and bonds <ul style="list-style-type: none"> ▪ Gilts ▪ Bonds issued by multilateral development banks ▪ Bonds issued by financial institutions guaranteed by the UK government ▪ Sterling denominated bonds by non-UK sovereign governments </td> <td data-bbox="837 1736 997 1982" style="text-align: center;">✓ (on advice from treasury advisor)</td> <td data-bbox="997 1736 1157 1982" style="text-align: center;"><u>25 years</u></td> <td data-bbox="1157 1736 1316 1982" style="text-align: center;"><u>25%</u> in aggregate</td> <td data-bbox="1316 1736 1477 1982" style="text-align: center;">No</td> </tr> <tr> <td data-bbox="183 1982 837 2092"> Money Market Funds (which meet the definition of a collective investment scheme as defined in SI 2004 No 534) but which are not credit rated </td> <td data-bbox="837 1982 997 2092" style="text-align: center;">✓ (on advice from treasury advisor)</td> <td data-bbox="997 1982 1157 2092">These funds do not have a defined</td> <td data-bbox="1157 1982 1316 2092" style="text-align: center;"><u>25%</u></td> <td data-bbox="1316 1982 1477 2092" style="text-align: center;">No</td> </tr> </tbody> </table>		In-house use	Maximum maturity	Max % of portfolio or £m	Capital expenditure?	<ul style="list-style-type: none"> ▪ Deposits with banks and building societies ▪ Certificates of deposit with banks and building societies 	✓	<u>5 yrs</u>	<u>60%</u> in aggregate	No	Gilts and bonds <ul style="list-style-type: none"> ▪ Gilts ▪ Bonds issued by multilateral development banks ▪ Bonds issued by financial institutions guaranteed by the UK government ▪ Sterling denominated bonds by non-UK sovereign governments 	✓ (on advice from treasury advisor)	<u>25 years</u>	<u>25%</u> in aggregate	No	Money Market Funds (which meet the definition of a collective investment scheme as defined in SI 2004 No 534) but which are not credit rated	✓ (on advice from treasury advisor)	These funds do not have a defined	<u>25%</u>	No
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		maturity date		
Bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies		<u>5 years</u>	<u>30%</u>	Yes
Pooled funds which do not meet the definition of Collective investment schemes in SI 2004 No 534	✓ (on advice from treasury advisor)	These funds do not have a defined maturity date		Yes

1. *In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.*

2. *The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the manager.*