

**SPECIFIED AND NON SPECIFIED INVESTMENTS**

**Specified Investments identified for use by the Council**

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment

- 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 and
- 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).

“Specified” Investments identified for the Council’s use are:

- 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
- AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

*\* Investments in these instruments will be on advice from the Council’s treasury advisor.*

For credit rated counterparties, the minimum criteria will be the short-term / long-term ratings assigned by various agencies which may include Moody’s Investors Services, Standard & Poor’s, Fitch Ratings.

*For example: Long-term minimum: Aa3 (Moody’s) or AA- (S&P) or AA- (Fitch)*

*Or: Short-term P-1 (Moody’s) or A-1 (S&P) or F1 (Fitch).*

*(Please note the above are examples only)*

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

New specified investments will be made within the following limits:

| <b>Instrument</b>            | <b>Country</b>            | <b>Counterparty</b>                        | <b>Maximum Limit of Investments %/£M</b>                |
|------------------------------|---------------------------|--|---|
| Term Deposits                | UK                        | DMADF, DMO                                 | No limit  |
| Term Deposits/Call Accounts  | UK                        | Other UK Local Authorities                 | No limit  |
| Term Deposits/Call Accounts  | UK                        | Abbey                                      | £5-10M Depending on size of investment portfolio        |
| Term Deposits/Call Accounts  | UK                        | Bank of Scotland/Lloyds                    | £5-10M Depending on size of investment portfolio        |
| Term Deposits/Call Accounts  | UK                        | Barclays                                   | £5-10M Depending on size of investment portfolio        |
| Term Deposits/Call Accounts  | UK                        | Clydesdale                                 | £5-10M Depending on size of investment portfolio        |
| Term Deposits/Call Accounts  | UK                        | HSBC                                       | £5-10M Depending on size of investment portfolio        |
| Term Deposits/Call Accounts  | UK                        | Nationwide                                 | £5-10 Million Depending on size of investment portfolio |
| Term Deposits/Call Accounts  | UK                        | Royal Bank of Scotland                     | £5-10 Million Depending on size of investment portfolio |
| Gilts                        | UK                        | DMO  | No limit  |
| Bonds                        | EU                        | European Investment Bank/Council of Europe | 25% in aggregate  |
| AAA rated Money Market Funds | UK/Ireland/<br>Luxembourg | CNAV MMFs                                  | 30%/37.5%   |
| Other MMFs and CIS           | UK                        | Collective Investment Schemes              | £1M   |

*NB - Any existing deposits outside of the current criteria will be reinvested with the above criteria on maturity. There are also a number of Non UK Bank which meet our credit criteria and were approved as part of the TM Strategy in Feb 2010 but there are no plans to use these at present.*