

## SPECIFIED AND NON-SPECIFIED INVESTMENTS

## SPECIFIED INVESTMENTS:

Investment	Security / Minimum Credit Rating	Circumstances of Use
<b>Term Deposits</b> with the UK Government or with UK Local Authorities (as per Local Government Act 2003) with maturities up to 1 year	High security as backed by UK Government	In-house
<b>Term Deposits</b> with credit rated deposit takers (Banks and Building Societies), including callable deposits with maturities less than 1 year	Organisations assessed as having "high credit quality" within the UK or from Countries with a minimum Sovereign rating of AA- for the country in which the organisation is domiciled	In-house
<b>Certificate of Deposits</b> issued by credit rated deposit takers (Banks and Building Societies) up to 1 year		Fund Manager or In-house "buy and hold" after consultation with Treasury Management Advisor
<b>Forward deals</b> with credit rated Banks and Building Societies less than 1 year (i.e. negotiated deal plus period of deposit)		In-house
<b>Money Market Funds</b> i.e. collective investment scheme as defined in SI2004 No 534 ( <i>These funds have no maturity date</i> )	Funds must be AAA rated	In-house Limited to £3m
<b>Gilts</b> (with maturities of up to 1 year)	Government Backed	Fund Manager or In-house buy and hold after consultation with Treasury Management Advisor
<b>Bonds</b> issued by a financial institution that is guaranteed by the UK Government (as defined in SI 2004 No 534) with maturities under 12 months ( <i>Custodial arrangements required prior to purchase</i> )	Government Backed	After consultation with Treasury Management Advisor

## NON-SPECIFIED INVESTMENTS

Investment	Security / Minimum Credit Rating	Circumstances of Use	Max % of total investments	Maximum investment with any one counterparty	Max. maturity period
<b>Term Deposit</b> with credit rated deposit takers (Banks & Building Societies), UK Government and other Local Authorities with maturities greater than 1 year	Organisations assessed as having “high credit quality” under the Credit Worthiness Policy	In-house	100% of agreed maximum proportion of Core Cash funds (£4m)	£1m	5 years
<b>Certificate of Deposit</b> with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year Custodial arrangements prior to purchase	Organisations assessed as having “high credit quality” under the Credit Worthiness Policy	Fund Manager or In-house “buy & hold” after consultation with Treasury Management Advisor	100% of agreed maximum proportion of Core Cash funds (£4m)	£1m	5 years
<b>Callable Deposits</b> with credit rated deposit takers (Banks & Building Societies) with maturities greater than 1 year	Organisations assessed as having “high credit quality” under the Credit Worthiness Policy	In-house	50% of agreed maximum proportion of Core Cash funds (£2m)	£1m	5 years
<b>Term Deposits</b> with Housing Associations with maturities greater than 1 year	Organisations assessed as having “high credit quality” under the Credit Worthiness Policy	In-house	25% of agreed maximum proportion of Core Cash funds (£1m)	£1m	5 years
<b>Forward Deposits</b> with a credit rated Bank or Building Society > 1 year (i.e. negotiated deal period plus period of deposit)	Organisations assessed as having “high credit quality” under the Credit Worthiness Policy	In-house	25% of agreed maximum proportion of	£1m	5 years

Investment	Security / Minimum Credit Rating	Circumstances of Use	Max % of total investments	Maximum investment with any one counterparty	Max. maturity period
			Core Cash funds (£1m)		
<b>Bonds issued by a financial institution that is guaranteed by the UK Government</b> (as defined in SI2004 No534) with maturities in excess of 1 year Custodial arrangements required prior to purchase	AA or Government backed	Fund Manager or In-house “buy & hold” after consultation with Treasury Management Advisor	25% of agreed maximum proportion of Core Cash funds (£1m)	n/a	5 years
<b>Bonds issued by Multilateral development banks</b> (as defined in SI2004 No534) with maturities in excess of 1 year Custodial arrangements required prior to purchase	AA or Government backed	Fund Manager or In-house “buy & hold” after consultation with Treasury Management Advisor	25% of agreed maximum proportion of Core Cash funds (£1m)	£1m	5 years
<b>UK Government Gilts with maturities in excess of 1 year</b> Custodial arrangements required prior to purchase	Government backed	Fund Manager	25% of agreed maximum proportion of Core Cash funds (£1m)	n/a	5 years
<b>Collateralised Deposit</b>	UK Sovereign Rating	In-house	25% of agreed maximum proportion of Core Cash funds (£1m)	n/a	5 years

This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

**APPROVED COUNTRIES FOR INVESTMENTS**

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets

<b>Sovereign Rating</b>	<b>Country</b>
AAA	Australia Canada Denmark Germany Luxemburg Netherlands Norway Singapore Sweden Switzerland
AA+	Finland USA
AA	Abu Dhabi (UAE) France Hong Kong UK
AA-	Belgium Qatar

## ANNEX D

## APPROVED LENDING LIST 2021/22

Maximum sum invested at any time (The overall total exposure figure covers both Specified and Non-Specified investments)

	Country	Specified Investments (up to 1 year)		Non-Specified Investments (> 1 year £4m limit)	
		Total Exposure £m	Time Limit *	Total Exposure £m	Time Limit *
<b>Government involvement</b>					
Royal Bank of Scotland PLC (RFB)	GBR	4.0	365 days	-	-
National Westminster Bank PLC (RFB)	GBR				
<b>Building Societies</b>					
Santander UK PLC (includes Cater Allen)	GBR	3.0	6 months	-	-
Barclays Bank PLC (NRFB)	GBR	4.0	6 months	-	-
Barclays Bank UK PLC (RFB)	GBR				
Bank of Scotland PLC (RFB)	GBR	3.0	365 days	-	-
Lloyds Bank PLC (RFB)	GBR		6 months		
Lloyds Bank Corporate Markets PLC (NRFB)	GBR				
HSBC Bank PLC (NRFB)	GBR	1.5	365 days	-	-
HSBC UK Bank PLC (RFB)	GBR				
Goldman Sachs International Bank	GBR	3.0	6 months		
Sumitomo Mitsui	GBR	1.5	6 months		
Standard Chartered Bank	GBR	3.0	6 months		
Handelsbanken	GBR	2.0	365 days		
Nationwide Building Society	GBR	2.0	6 months	-	-
Leeds Building Society	GBR	1.0	3 months	-	-
<b>High Quality Foreign Banks</b>					
National Australia Bank	AUS	1.5	365 days	-	-
Commonwealth Bank of Australia	AUS	1.5	365 days		
Toronto-Dominion Bank	CAN	1.5	365 days		
Credit Industriel et Commercial	FRA	1.5	6 months	-	-
Landesbank Hessen-Thüringen Girozentrale (Helaba)	GER	1.5	365 days		
DBS (Singapore)	SING	1.5	365 days		
<b>Local Authorities</b>					
County / Unitary / Metropolitan / District Councils		1.0	365 days	1.0	5 years
Police / Fire Authorities		1.0	365 days	1.0	5 years
National Park Authorities		1.0	365 days	1.0	5 years
<b>Other Deposit Takers</b>					
Money Market Funds		1.0	365 days	1.0	5 years
UK Debt Management Account		5.0	365 days	1.0	5 years

## TREASURY MANAGEMENT SCHEME OF DELEGATION

### 1. Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

### 2. Policy and Resources Committee

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- approving the selection of external service providers and agreeing terms of appointment.

### 3. Overview and Scrutiny Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

## THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

### Background

1. The Prudential Code for Capital Finance in Local Authorities (the Prudential Code) plays a key role in capital finance in local authorities. Local authorities determine their own programmes for investment that are central to the delivery of quality public services. The Prudential Code was developed by CIPFA as a professional code of practice to support local authorities in taking their decisions. Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the Local Government Act 2003.
2. In financing capital expenditure, local authorities are governed by legislative frameworks, including the requirement to have regard to CIPFA's Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.
3. In order to demonstrate that capital expenditure and investment decisions are taken in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability, the Prudential Code requires authorities to have in place a Capital Strategy that sets out the long term context in which capital expenditure and investment decisions are made, and gives due consideration to both risk and reward and impact on the achievement of priority outcomes.
4. The Prudential Code requires the Chief Financial Officer to report explicitly on the affordability and risk associated with the Capital Strategy. The Capital Strategy provides an overview of the governance process for approval and monitoring of capital expenditure. In addition, the Capital Strategy and Prudential Indicators also demonstrates that the capital expenditure, investment and financing plans of the Authority are robust, affordable and sustainable.”

### The S151 (responsible) officer

The following are specific responsibilities of the Section 151 Officer:

- recommending clauses, treasury management policies and practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports to Members;
- submitting budgets and budget variations to Members;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;

- ensuring the adequacy of internal audit, and liaising with external audit;
  - recommending the appointment of external service providers:
  - preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management;
  - ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money;
  - ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority;
  - ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing;
  - ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources;
  - ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
  - provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
  - ensuring that members are adequately informed and understand the risk exposures taken on by an authority
  - ensuring that the authority has adequate expertise, either in house or externally provided
  - creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed
5. “The Capital Strategy provides an overview of the governance process for approval and monitoring of capital expenditure. In addition, the Capital Strategy and Prudential Indicators also demonstrate that the capital expenditure, investment and financing plans of the Authority are robust, affordable and sustainable.”