

APPENDIX A: Treasury Management Practice (TMP1) – Credit and counterparty risk management

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' quality criteria where applicable.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria and are therefore of greater potential risk. The Council will consider using this category only for investments that would come under Specified, except that the maturities are greater than 1 year.

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the above categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	£ Limit per institution	Max maturity period
Debt Management Account Deposit Facilities - UK Government	yellow	Unlimited	6 months
UK Government Gilts	yellow	£1m	5 year
UK Government Treasury Bills	yellow	£2m	1 year
Bonds issued by multilateral development banks	yellow	£1m	5 years
Money Market Funds CNAV	AAA	£3m	Liquid
Money Market Funds LNAV	AAA	£3m	Liquid
Money Market Funds VNAV	AAA	£3m	Liquid

Local Authorities	yellow	£3m	1 year
Term deposit with Banks and Building Societies	Purple + Blue & Orange Green & Red	£1m £4m £3.5m	2 years 1 year 6 months
CDs or corporate bonds with banks and building societies	Green +	£2m	1 year
Gilt funds	UK sovereign rating	£2m	1 year
Ultra-Short Dated Bond funds with a credit score of 1.25	AAA	£1m	Liquid
Ultra-Short Dated Bond funds with a credit score of 1.5	AAA	£1m	Liquid

(+) Above the minimum colour band given. The colour band will place its own maturity limit on the investment so only the maximum maturity period is given.

No limit will be set on placing funds with the Council's own bank due to the volatility / fluctuations in day to day cash flows.