

## Appendix B1

### 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 quality criteria where applicable.

**NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the specified investment criteria. A maximum of £5,000k will be held in aggregate in non-specified investments.

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:

#### Specified Investments –

	Colour (and long term rating where applicable)	Money and/or % Limit	Time Limit
DMADF – UK Government	N/A	100%	6 months
Term deposits with banks and building societies	Blue Orange Red Green No Colour	100%	Up to 1 year ** Up to 1 year Up to 6 Months Up to 100 days Not for use
CDs or corporate bonds with banks and building societies	Blue Orange Red Green No Colour	100%	Up to 1 year ** Up to 1 year Up to 6 Months Up to 100 days Not for use
Local authorities	N/A	100%	Approval will be made based on individual circumstances without further reference to the Governance and Audit Committee
The Council's own banker		100%	If the Council's own banker fails to meet the basic credit criteria balances will be minimised as far as possible. Current banking arrangements will continue with the Co-operative bank for Bill Payments only. Balances in Co-op are cleared regularly.
Money Market Funds and Ultra Short Dated Bond Funds	N/A	100%	These funds will only be used as a last resort and Link Asset services will support the selection of appropriate Funds

## Non-Specified Investments –

	Minimum credit criteria / colour band	Max % of total investments/ £ limit per institution	Max. maturity period
UK Government gilts	UK sovereign rating		Separate approval will be sought for this type of investment
UK Government Treasury Bills	UK sovereign rating		Separate approval will be sought for this type of investment
Bonds issued by multilateral development banks	UK sovereign rating		Separate approval will be sought for this type of investment
Term deposits with banks and building societies	Yellow Purple	100%	Up to 5 years * Up to 2 years
CDs or corporate bonds with banks and building societies	Yellow Purple	100%	Up to 5 years * Up to 2 years
Enhanced cash funds			Separate approval will be sought for this type of investment
Corporate bond funds			Separate approval will be sought for this type of investment
Gilt funds	UK sovereign rating		Separate approval will be sought for this type of investment
Property funds			Separate approval will be sought for this type of investment
Local authorities	N/A	100%	Approval will be made based on individual circumstances without further reference to the Governance and Audit Committee

\* The Council will only invest for over 2 years with the prior approval of the Governance and Audit Committee. In all circumstances the maximum amount with any one counterparty will be £5,000k

\*\* (only applies to nationalised/semi nationalised UK Banks as shown on Link Asset Services list)

NB: The criteria are intended to be the operational criteria in normal times. At times of heightened volatility, risk and concern in financial markets, this strategy may be amended by temporary operational criteria further limiting investments to counterparties of a higher creditworthiness and / or restricted time limits

**Accounting treatment of investments.** The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.