

Counterparty Policy

The counterparty policy for investments is reviewed annually and approved by both Cabinet and Council, the latest review being in February 2013. The table below identifies the banks in use against the appropriate counterparty criteria as at 30 September 2013.

Investment instruments identified for use in the financial year are listed below under the 'Specified' and 'Non-Specified' Investments categories.

Counterparty limits are approved by the Section 151 Officer in accordance with the Council's Treasury Management Practices.

Specified investments are considered low risk and relate to funds invested for up to one year. Non-Specified investments sometimes offer the prospect of higher returns but carry a higher risk and may have a maturity beyond one year. All investments and borrowing are sterling denominated.

All credit ratings will be monitored in house with the help of Capita (Sector) who alert the Council to changes in Fitch ratings through its creditworthiness service.

If a downgrade results in the counterparty no longer meeting the Council's minimum criteria, its further use as an investment will be withdrawn immediately.

Specified Investments

All such investments will have maturities up to a maximum of 1 year, meeting the minimum rating criteria where applicable. The instruments and criteria to be used are set out in the table below.

Instrument	Minimum Credit Criteria	Max. maturity period	Counterparties	30.09.2013 Balances £m
Debt Management Agency Deposit Facility	Government backed	12 months	N/A	0.0
Term deposits – other LAs	Local Authority issue	12 months	N/A	0.0
Term deposits – banks and building societies	AA- Long Term F1+Short-term 2 Support AA- Viability AAA Sovereign	12 months	Svenska Handelsbanken	10.1
Money Market Funds	AAA	daily	2 funds	1.6
Total Specified Investments				11.7

Non Specified Investments

	Minimum Credit Criteria	Max. maturity	Year -end Counterparties	30.09.2013 £'m
Term deposits – banks and building societies	A Long Term F1 Short-term 1 Support A Viability UK or AAA Sovereign	3 months	Nationwide BS	5.0
UK nationalised Banks [RBS & Lloyds / HBOS]	F1 Short-term 1 Support	36 months	Lloyds/HBoS RBS	67.4 36.7
Callable Deposits	F1 Short term A Long Term 1 Support	3 months		0.0
Enhanced cash funds	AAA	daily	2 funds	20.0
Total Non Specified Investments				129.1
Total Investments				140.8

New Investments from 1st April 2013

Listed below are the longer term investment transactions made in the year. Daily liquidity deals are not separately quantified.

Month	Bank	Value	period	Interest rate
Apr-13	Lloyds	£5m	12 months	1.10%
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May-13	Lloyds	£5m	12 months	1.10%
May-13	Lloyds	£5m	12 months	1.05%
Jul-13	Lloyds	£5m	12 months	1.01%
Aug-13	Lloyds	£5m	24 months	1.16%
various	Svenska		35 day notice	0.45% increasing to 0.60%
daily	Money market fd		daily	average 0.35% 0.65%
daily	RBS deposit a/c		daily	reducing to 0.50%