

SPECIFIED AND NON-SPECIFIED INVESTMENTS

This schedule sets out the specified and Non-Specified investments the Council may use in 2021/22.

Investments may be in the form of direct deposits, Certificates of Deposits (CDs), property (including property funds) or the purchase of financial instruments such as Treasury Bills, Bonds and Gilts.

SPECIFIED INVESTMENTS:

An investment is a Specified Investment if all of the following apply

1. The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling
2. The investment is not a long term investment which is one that is due to be repaid within 12 months of the date on which the investment is made or one which the local authority may require to be repaid within that period.
3. The investment is not defined as capital expenditure by regulations
4. The investment is made with a body or in an investment scheme of high credit quality or the investment is made with the following public sector bodies.
 - a. UK Government
 - b. Local authority
 - c. Parish council or community council

Where an investment is being made with a UK nationalised or part nationalised bank this will be treated for the purposes of classification as a Specified or Non-specified investment as being invested with the UK Government.

High credit quality

For a counterparty to meet the high credit quality criteria for specified investments, that counterparty must meet as a minimum the ratings of the three credit rating agencies listed below, and not be the subject of any adverse indications from the following sources.

- Credit Default Swap index
- The quality financial press
- Market data
- Information on government support for banks and
- The credit ratings of that government support

| Ratings | Fitch | Moody's | Standard & Poors |
|----------------|--------------|----------------|-----------------------------|
| Short term | F1 | P-1 | A-1 |
| Long term | A- | A3 | A |

NON SPECIFIED INVESTMENTS

A maximum of £3.5m may be held, in aggregate, in Non-Specified Investments

The only Non-Specified investments that the Council will use in 2021/22 are investments for periods of longer than 12 months with any institution or investment instrument that would have been classed as a Specified Investment if the investment had been for less than 12 months or property. The Council currently holds an investment property in Clacton. The historic cost of this property (including stamp duty) is £3.245 million, but this was revalued at 31 March 2020 at £2.155 million by the Council's external valuer and has now been revalued at 30 September 2020 at £1.985 million. The purchase of the property was financed from revenue resources.