**BOROUGH COUNCIL OF WELLINGBOROUGH** **AGENDA ITEM 5**

**Resources Committee** **25 June 2014**

**Report of Head of Finance**

**TREASURY MANAGEMENT - ANNUAL REPORT 2013-14**

## 1 Purpose of Report

1.1 The purpose of this report is to present the annual report of treasury management activity for 2013-14. The treasury management function contributes towards the Council's overall objective of the efficient use of resources.

## 2 Executive Summary

To inform Members of the outturn position in respect of the application of the treasury management strategy for 2013-14 and seek member approval to amend the current 2014-15 strategy as detailed in the report.

## 3 Appendices

1. Prudential indicators
2. Market update for 2013-14
3. Credit worthiness Policy Amendments for approval

## 4 Proposed Action:

**Members are invited to RECOMMEND to:**

4.1 **Note the reports contents and out turn position**

4.2 **Approve the change to the Credit Worthiness Policy contained in the Investment Strategy previously agreed at Council in April 2014.**

4.3 **Approve the increase to the Lloyds Bank total investment limit to £6m**

## 5 Background

5.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2013/14. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

5.2 During 2013/14 the minimum reporting requirements were that the full

Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 16th April 2013)
- a mid-year treasury update report (Council 19th November 2013)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

5.3 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

5.4 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Resources Committee before they were reported to the full Council.

5.5 The Council's investment policy is governed by CLG guidance, which was implemented in the annual investment strategy approved by the Council on 16th April 2013 for the 2013-14 year. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).

5.6 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

*5.7* **Investments held by the Council**- the Council maintained an average balance of £25m of internally managed funds that earned an average rate of return of 1.12% which compares with a budget assumption of £24.3m investment balances earning an average rate of 1.4%.

## 6 Discussion

### Investments

6.1 At 31st March 2013 the Council held the following investments.

<u>Money Market transactions</u>:

**Short term investments for periods of less than 1 year**:

| Investments | Range of Interest Rates Receivable % | Total Investment at 31st March 2013 £000 | Total Investment at 31st March 2014 £000 |
|---|---|---|---|
| Building Societies | 0.8% - 1.11% | 11,093 | 17,079 |
| Banks | 0.70% - 0.80% | 11,194 | 2,014 |
| Other Local Authorities | - | - | - |
| **Total** | | **22,287** | **19,093** |

**Long term investments for periods greater than** 1 year:

| Long Term Investments | Period | Range of Interest Rates Receivable % | Total Investment at 31st March 2013 £000 | Total Investment at 31st March 2014 £000 |
|---|---|---|---|---|
| Building Societies | 1–3 years | | 2,045 | |
| Banks | 1–5 years | | 3,049 | 5,549 |
| Other Local Authorities | | - | - | - |
| **Total** | | | **5,094** | **5,549** |

**Total investments for the year were therefore:**

| | 31st March 2013 | 31st March 2014 |
|---|---|---|
| Short Term Investments | 22,287 | 19,093 |
| Long Term investments | 5,094 | 5,549 |
| Total investments | 27,381 | 24,642 |

6.2 The year on year variance for money market transactions is therefore £2.739m which is primarily due to capital spend in the year of £1.966m offset by capital receipts of £1.458m.

6.3 The balance is accounted for by revenue activity of £2.231m from both the use of reserves to support the budget and changes relating to the level of debtors and creditors at year end.

6.4 The average rate of interest earned on investments during the year was 1.12% (2012-2013 2.15%).

6.5 Investment Trusts:

At the 31st March 2014 the Council held long term investments of share capital in the British Assets Trust investment with the following comparative values:

| | 31st March 2013 £000 | 31st March 2014 £000 |
|---|---|---|
| Purchase Price | 157 | 157 |
| Market Value | 332 | 340 |

6.6 The Authority's statutory accounts are required to disclose the fair value of investments. The difference in the value of the British Assets Trust Investment when compared to the historical cost, amounted to an increase in value of £8k (in 2012-13 there was an increase of £15k), due to a rise in the share price to £1.36. The increase in value (£8k) has been debited to the Available for Sale Financial Instruments Reserve.

**Borrowing**

6.7 The Authority became debt free in December 2002, consequently the Authority has no outstanding borrowings (other than those inherent in Finance Leases).

**Interest Received**

6.8 Details of interest received during 2013-14 compared with the estimate are as follows:

| | 2013-14 Original Estimate £ | 2013-14 Actual £ | Variance Original Est. to Actual £ |
|---|---|---|---|
| Amount received: | | | |
| Investment income | 591,000 | 279,689 | -311,211 |
| Dividends | 3,600 | 15,630 | 12,030 |
| Other (incl. bank interest) | - | - | |
| **Total** | **594,600** | **295,319** | **-299,281** |

6.9 Interest rates reduced quite dramatically towards the end of 2013/14 (see appendix 3) and recent investment activity by the Council has highlighted the fact that the current market for investments with both banks and building societies is limited with the knock on effect that interest rates being offered are being reduced even further. This has lead to additional budget pressure in the current year of approximately £270k.

6.10 The variance in respect of Investment income is therefore a result of interest rates not increasing as expected when the strategy was set and the market rates available for investments made within the current Treasury Management Strategy. This has been reported as part of the revenue monitoring through out the year.

**Future Prospects**

6.11 Clearly, future prospects for generating investment income to support the annual revenue budget continue to be dependent on the level of balances and future movement in the level of interest rates. However, with balances reducing and interest rates continuing to be at historically low levels this again highlights the continuing need for increased treasury management skills internally and also external professional advice and support to assist in maximising future investment returns.

6.12 The Council will continue to monitor the economic outlook and money markets to ensure it is able to achieve a yield in line with market expectations whilst ensuring security and liquidity of capital are maintained.

6.13 Future investment decisions are discussed between the Technical Accountant and Head of Finance and are made in line with the Annual Treasury Management Strategy and the advice from the Council's Treasury Management Advisors (Capita Asset Management).

**Revision to the Credit Worthiness Policy contained in the previously agreed Investment Strategy.**

6.14 The Council agreed its Annual Investment strategy for 2013-14 in February 2013. This contained a Credit Worthiness policy that governs the level of investments the Council makes with individual financial institutions.

6.15 In light of the reducing returns available and the pressures on the Revenue budget the committee was asked to agree to recommending to council a revised Credit Worthiness policy to provide a more flexible approach to investments and to hopefully increase the return on investments made, which it did and was approved by Council.

6.16 This in year revision was not however carried forward to the Investment strategy agreed in February 2014 for the year 2014-15. The committee is asked to agree to its inclusion in the investment strategy again to ensure that returns on investment can be maximised.

6.17 The changes would be to the previous report section 5.3 and the Appendix on credit and Counterparty risk management..

6.18 An extract from the original report and the proposed changes are shown in appendix 3.

6.19 There have also been significant changes the levels of cash needed to enable the required payments under the new Business Rates Retention scheme, to both the DCLG and to the pool lead authority.The result being that the cash flow balance does need to be above the approved £5m limit on our main bank account with Lloyds to cover the necessary payments. This higher balance should only occur around 18th of each month. Members are asked to agree to the total credit level for Lloyd to be increased to £6m in the strategy to cover this eventuality. This will only be utilised when needed but will prevent the strategy from being breached.

## 7 Legal Powers

7.1 Local Government Act 2003.

## 8 Financial and Value For Money Implications

8.1 As shown in the report.

## 9 Risk Analysis

| Nature of risk | Consequences if realised | Likelihood of occurrence | Control measures |
|---|---|---|---|
| Losses on invested funds | Potentially significant to the Council | Unlikely | Treasury management strategy |
| Fluctuations in interest rates | Beneficial if interest rates rise, adverse when interest rates fall | Investment income rates continue to be at historically low levels | Use of external advisors to determine best strategy |

## 10 Implications for Resources

10.1 As shown in the report.

## 11 Implications for Stronger and Safer Communities

11.1 No direct implications.

## 12 Implications for Equalities

12.1 No direct implications.

## 13 Author and Contact Officer

H Essom, Technical Accountant

## 14 Consultees

L Elliott, Head of Finance.
S Knowels, Principal Accountancy Manager

## 15 Background Papers

The Prudential indicators and Treasury Management Report 2013 -14 – Resources committee 19th March 2014 .
2013-14 Final Accounts working papers
Information received from Capita Asset Management Ltd., the Council's Treasury Management advisers.

Appendix 1

## Prudential indicators for the year 2013/14

### The Capital Prudential Indicators 2014/15 – 2016/17

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in prudential indicators, which are designed to assist members overview and confirm capital expenditure plans.

**Capital Expenditure**. This prudential Indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

| Capital Expenditure £m | 2012/13 Actual | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate |
|---|---|---|---|---|---|
| **Total** | 3.740 | 2.623 | 9.253 | 2.305 | 0.775 |

Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments. The Council has two finance leases which effectively include borrowing instruments:

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

| Capital Expenditure £m | 2012/13 Actual | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate |
|---|---|---|---|---|---|
| | | | | | |
| Total | 3.740 | 2.623 | 9.253 | 2.305 | 0.775 |
| **Financed by:** | | | | | |
| Capital generated in year receipts | 0.831 | 1.400 | 1.700 | 1.250 | 1.250 |
| Capital grants | 0.353 | 0.465 | 0.636 | 0.634 | 0.513 |
| Capital receipts reserves | 2.556 | 0.758 | 6.917 | 0.421 | -0.988 |
| Revenue | | | | | |
| **Net financing need for the year** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |

**The Council's Borrowing Need (the Capital Financing Requirement)**

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst this increases the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £0.318m of such schemes within the CFR.

| £m | 2012/13 Actual | 2013/14 Actual | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate |
|---|---|---|---|---|---|
| **Capital Financing Requirement** | | | | | |
| CFR – non housing | | | | | |
| **Total CFR** | -8.540 | -8.683 | -8.684 | -8.685 | -8.686 |
| **Movement in CFR** | -0.169 | -0.143 | -0.001 | -0.001 | -0.001 |

| | | | | | |
|---|---|---|---|---|---|
| **Movement in CFR represented by** | | | | | |
| Net financing need for the year (above) | | | | | |
| Less MRP/VRP and other financing movements | -0.169 | -0.143 | -0.001 | -0.001 | -0.001 |
| **Movement in CFR** | **-0.169** | **-0.143** | **-0.001** | **-0.001** | **-0.001** |

**MRP Policy Statement**

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG Regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement*:*

**The Council will make provision in its revenue accounts each year to meet the costs of the Principal element of Finance Leases.**

**The Use of the Council's Resources and the Investment Position**

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

| **Year End Resources**<br><br>**£m** | **2012/13**<br><br>**Actual** | **2013/14**<br><br>**Estimate** | **2014/15**<br><br>**Estimate** | **2015/16**<br><br>**Estimate** | **2016/17**<br><br>**Estimate** |
|---|---|---|---|---|---|
| Fund balances / reserves | 7.500 | 5.500 | 4.000 | 2.500 | 1.750 |
| Capital receipts | 15.465 | 13.142 | 8.286 | 5.478 | 5.066 |
| ¤ Provisions | 0 | 0 | 0 | 0 | 0 |
| Other | 0.621 | | | | |
| **Total core funds** | **23.586** | **18.642** | **12.286** | **.987** | **6.816** |
| Working capital* | -3.047 | -3.000 | -3.000 | -3.000 | -3.000 |
| Under/over borrowing | 8.688 | 8.688 | 8.688 | 8.688 | 8.688 |
| **Expected investments** | **27,381** | **24.330** | **17.974** | **13.675** | **12.504** |

*Working capital balances shown are estimated year end; these may be higher mid year

## Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

**Actual and estimates of the ratio of financing costs to net revenue stream.** This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

| **%** | **2011/12**<br><br>**Actual** | **2012/13**<br><br>**Estimate** | **2013/14**<br><br>**Estimate** | **2014/15**<br><br>**Estimate** | **2014/15**<br><br>**Estimate** |
|---|---|---|---|---|---|
| Non-HRA | -4.94 | -4.14 | -4.79 | -6.74 | -7.55 |

The estimates of financing costs include current commitments and the proposals in this budget report.

**Estimates of the incremental impact of capital investment decisions on council tax.** This indicator identifies the revenue costs associated with proposed changes to the capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

**Incremental impact of capital investment decisions on the band D council tax**

| £ | 2011/12 Actual | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|---|---|---|---|---|---|
| **Council tax - band D** | 0 | 0 | 0 | 0 | 0 |

# Current Portfolio Position

The Council's treasury portfolio position at 31 March 2013, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

| £m | 2012/13 Actual | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate | 2016/17 Estimate |
|---|---|---|---|---|---|
| **External Debt** | | | | | |
| Debt at 1 April | - | - | - | - | - |
| Expected change in Debt | - | - | - | - | - |
| Other long-term liabilities (OLTL) | -0.317 | -0.148 | -0.005 | -0.004 | -0.003 |
| Expected change in OLTL | 0.169 | 0.143 | 0.001 | 0.001 | 0.001 |
| **Actual debt at 31 March** | **-0.148** | **-0.005** | **-0.004** | **-0.003** | **- 0.002** |
| **The Capital Financing Requirement** | | | | | |
| **Under/(over) borrowing** | **-8.688** | **-8.688** | **-8.688** | **-8.688** | **-8.688** |
| **Total investments at 31 March** | | | | | |
| Investments | **27,381** | **23.534** | **18.538** | **14.630** | |
| Investment change | - | -3.847 | -4.996 | -3.908 | |

| Net Debt | - | - | - | - | - |
|---|---|---|---|---|---|

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its total debt, net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2014/15 and the following two financial years (shown as net borrowing above). This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Head of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

## Treasury Indicators: Limits to Borrowing Activity

**The Operational Boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

| Operational boundary £m | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|---|---|---|---|---|
| Debt | 0.050 | 0.050 | 0.050 | 0.050 |
| Other long term liabilities | 0.148 | 0.005 | 0.004 | 0.002 |
| Total | 0.198 | 0.055 | 0.054 | 0.052 |

**The Authorised Limit for external debt.** A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following Authorised Limit:

| Authorised limit £m | 2012/13 Estimate | 2013/14 Estimate | 2014/15 Estimate | 2015/16 Estimate |
|---|---|---|---|---|
| Debt | 5.050 | 5.050 | 5.050 | 5.050 |
| Other long term liabilities | 0.148 | 0.005 | 0.004 | 0.002 |
| Total | 5.198 | 5.055 | 5.054 | 5.052 |

Appendix 2

**Market Conditions**

**Growth:** At the beginning of 2013/14 financial year markets were concerned about the lacklustre growth in the Eurozone, the UK and Japan, threatening the possibility of a triple dip in the UK economy. Only the US and Germany were showing signs of growth above the pre-crisis level. During the year the Bank of England have a new Governor, Mark Carney with renewed focus on unemployment levels and the trigger point for interest rate increases, expected to be in 2016.

During Q3 and Q4 the UK economy has surprisingly show strong economic activity and growth. Q4 GDP showed a year on year growth of 2.7%. What we cannot factor in to this fragile growth is the impact of political risk from the up and coming General Election in May 2015

With the announcement of tapering of quantitative easing by the US Federal Reserve early this year, the US monetary policy with remain a key driver of the global financial markets.

The economic environment within the Eurozone has seen a period of stability, although still very fragile against a back drop of low inflation. During 2013/14 the European Central Bank (ECB) cut interest rates by 0.25% to 0.25% and deposit interest rates to zero. Markets reacted with disappointment by the lack of action by the ECB, with a looming threat of deflation.

There is a risk that the Chinese economy will suffer a credit crunch style crisis, as its banks come under stress and authorities seek to stem lending growth. This will have negative repercussions for domestic retail investors and the highly leveraged local government sector.

**Inflation:** The latter half of 2013/14 has seen a real growth in wages, with CPI rate falling further to 1.7% which is below the Bank of England’s target of 2.0%. It is expected that this will remain low for some time.

**Monetary Policy:** There was no change to UK monetary policy with official interest rates and asset purchases maintained at 0.5% and £375bn respectively.

Appendix 3

## Update to the Annual Investment Strategy 2014-15
## Credit worthiness Policy Amendment 2014/15 ( all other aspects of the Strategy remain the same)

### Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Head of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria. Credit rating information is supplied by Sector, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- **Banks 1** Max Investment level £3m- good credit quality **–** the Council will only use banks which:
  i. are UK banks; and/or
  ii. are non-UK and domiciled in a country which has a minimum sovereign long term rating of AA-

  and have, as a minimum, the following Fitch, Moody's and

  Standard and Poors credit ratings (where rated):

i. Short term – *F1 ( Fitch or equivalent)*

ii. Long term – *A- ( Fitch or equivalent)*

- **Banks 2**- Maximum Investment level £5m– Part nationalised UK banks –Royal Bank of Scotland group. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- **Banks 3**- Maximum Investment level £6m– Part nationalised UK banks – Lloyds Banking Group as the councils main banker. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- **Banks 4** – The Council's own bankers for transactional purposes **if the bank falls below the above criteria,** although in this case balances will be minimised in both monetary size and time.

- **Building societies 1**- The Council will *use* all societies which have assets in excess of *:*

  Over £1bn Maximum Investment level £3m

  Over £500m Maximum Investment Level £1m

- **Building societies 2** -Nationwide Building Society. As the Nationwide Building society currently has over £196bn of assets it is considered separately from other building societies and as such a maximum investment level of £5m will be applied due to its size.
  - Money market funds
  - UK Government (including gilts and the DMADF)
  - Local authorities, parish councils etc

**Use of additional information other than credit ratings.** Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

**T**

**ime and monetary limits applying to investments.** The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

| | Min Fitch Long term Rating (or equivalent) | Money Limit | Time Limit |
|---|---|---|---|
| **Banks 1** | ***A-*** | **£3m** | **2yrs** |
| **Banks 2 – part nationalised**<br><br>**Nationwide Building Society** | **N/A** | **£5m** | **2yrs** |
| **Building Societies 1 Assets >£1bn** | **N/A** | **£3m** | **18 Months** |
| **Building Societies 1 Assets >£500m <£1bn** | **N/A** | **£1m** | **1 year** |
| **DMADF** | **AA** | **unlimited** | **6 months** |
| **Local authorities** | **N/A** | **£3m** | **1yr** |
| **Money market funds** | **AAA** | **£3m** | **liquid** |