6. REVIEW OF TREASURY MANAGEMENT ACTIVITY 1 APRIL – 30 SEPTEMBER 2014

REPORT OF: Peter Stuart, Head of Finance
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Wards Affected: All
Key Decision No

PURPOSE OF REPORT

1. The report sets out the Council's treasury management activity for the half year to 30 September 2014.

SUMMARY

2. All transactions are in order and there are no exceptional events upon which to report.

RECOMMENDATIONS

3. The Committee is requested to note the report.

BACKGROUND

4. The Treasury Management function of this Council has been delivered by Adur & Worthing Councils as a shared service since 2010. This enables the cost of the service to be reduced whilst giving access to specialist advice and the administration skills of a larger authority.

5. The report of the Strategic Finance Group Accountant is attached at Appendix 1. Members should note that this report format and level of detail is similar to that presented to the other authorities in the shared service and whilst it may appear to contain much in the way of specialist treasury management knowledge, it would reward careful reading by those with an interest.

6. For those Members seeking a summary of the half year performance, paragraph 10.2 sets out the report in one sentence:

   "The Council's performance during the half year did not quite reach the budgeted returns for investment income, but was within the counterparty lending limits and Prudential Limits approved at the start of the year".

7. The Group Accountant would welcome questions and queries from Members using the contact details above.

POLICY CONTEXT

9. The presentation of this report fulfils the requirements under the Council's treasury management policy delivered as part of the shared services arrangements. The regulatory environment puts onus on members for the review and scrutiny of treasury

management policy and activities, and therefore this report is important in that respect.

OTHER OPTIONS CONSIDERED

10. None.

FINANCIAL IMPLICATIONS

11.0 None

OTHER MATERIAL IMPLICATIONS

12. None.

Background Papers

Treasury Management Strategy Statement and Annual Investment Strategy 2014/15 to 2016/17 (March 2014)

APPENDIX 1

TREASURY MANAGEMENT OPERATIONS REPORT FOR HALF YEAR 1 APRIL – 30 SEPTEMBER 2014

1. SUMMARY

1.1 This report summarises the treasury management transactions and portfolio position for the first six months of 2014/15 financial year. The presentation of this report fulfils the requirements under the Council's treasury management policy.

2. INTRODUCTION AND BACKGROUND

2.1 Treasury management is defined as:

"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2.2 The Council has adopted and complies with the Code of Practice on Treasury Management recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA). Part of the requirements of the code is to have formalised arrangements for regularly reporting treasury management activity to Members.

2.3 The reporting arrangements were last updated and adopted at the meeting of the Council on 9th April 2014, at which the Treasury Management Strategy Statement and Annual Investment Strategy 2014/15-2016/17 was presented.

2.4 The Strategy requires the production of an annual outturn report no later than 30 September after the financial year end, and also for a report of treasury management performance at the half way point of the current year. The first reporting requirement was fulfilled by the submission in June 2014 of the Treasury Management Annual Report for 2013/14, the second requirement is fulfilled by the presentation of this report, which covers :

- the treasury portfolio position (Section 3)
- the borrowing strategy and outturn (Section 4)
- the economic position and the future outlook (Section 5)
- the investment strategy and outturn (Section 6)
- compliance with treasury limits and Prudential Indicators (Section 7)
- performance measures (Section 8)
- other issues – approved investment list (Section 9)

3. PORTFOLIO POSITION

3.1 The Council's position at the start and half year points for 2014/15 was as follows:-

	Balance at 01.04.14 £m	Raised in Year £m	Repaid in Year £m	Balance at 30.09.14 £m
Borrowing				
Public Works Loan Board (PWLB)	(1.175)	-	0.074	(1.101)
Temporary Borrowing	-	-	-	-
TOTAL BORROWING	(1.175)	-	0.074	(1.101)
Investments:				
In-house:				
Long Term	8.000	-	-	8.000
Short Term	18.000	98.405	(92.340)	24.065
With Fund Managers	-	-	-	-
TOTAL INVESTMENTS	26.000	98.405	(92.340)	32.065
NET INVESTMENTS	24.825	98.405	(92.266)	30.964

3.2 The borrowing position is explained further in Section 4 below, while the investments transacted in the half year are summarised by type of institution in Section 6.

4. BORROWING STRATEGY AND OUTTURN 1 April – 30 September 2014

4.1 The borrowing position summarised in Para.3.1 above relates entirely to long term fixed borrowing from the Public Works Loan Board as follows:

Loan Number	Start Date	End Date	Original Loan Amount £	Interest Rate	Balance at 30. 09. 2014*
494369	06/03/2008	01/03/2023	1,700,000	4.55%	1,104,923
495726	27/07/2009	30/06/2014	205,000	2.23%	-
TOTAL LOANS			1,905,000		1,104,923
(* includes accrued interest to 30 September)					

4.2 A total of £74k has been repaid in the first six months of 2014/15, of which £21k related to the final redemption of loan number 495726 which matured on 30th June 2014. The remaining loan in the table above is repaid by fixed annuities over the life of the loan.

4.3 There has been no new long term borrowing during the year.

4.4 The total cost of interest payable on all borrowing for the half year to 30 September 2014 was £26,095 while the full year cost is expected to be £51,216 if no further borrowing is incurred. The interest on borrowing is in keeping with the budgetary estimates for 2014/15.

5. THE ECONOMY AND INTEREST RATES 2014/15 ONWARDS

The following section comprises an extract of the key points of a commentary provided by the Council's shared service provider's professional Treasury Management consultants Capita Treasury Solutions Ltd.

Economic Update

5.1 After strong UK GDP quarterly growth of 0.7%, 0.8% and 0.7% in quarters 2, 3 and 4 respectively in 2013, (2013 annual rate 2.7%), and 0.7% in Q1 and 0.9% in Q2 2014 (annual rate 3.2% in Q2), it appears very likely that strong growth will continue through 2014 and into 2015 as forward surveys for the services and construction sectors, are very encouraging and business investment is also strongly recovering.

5.2 The manufacturing sector has also been encouraging though the latest figures indicate a weakening in the future trend rate of growth. However, for this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance. This overall strong growth has resulted in unemployment falling much faster through the initial threshold of 7%, set by the Monetary Policy Committee (MPC) last August, before it said it would consider any increases in Bank Rate. The MPC has, therefore, subsequently broadened its forward guidance by adopting five qualitative principles and looking at a much wider range of about eighteen indicators in order to form a view on how much slack there is in the economy and how quickly slack is being used up. The MPC is particularly concerned that the current squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of inflation in order to ensure that the recovery will be sustainable.

5.3 Most economic forecasters are expecting growth to peak in 2014 and then to ease off a little, though still remaining strong, in 2015 and 2016. However, just how much those future increases in wage inflation will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

5.4 Also encouraging has been the sharp fall in inflation (CPI), reaching 1.5% in May and July, the lowest rate since 2009. Forward indications are that inflation is likely to fall further in 2014 to possibly near to 1%. Overall, markets are expecting that the MPC will be cautious in raising Bank Rate as it will want to protect heavily indebted consumers from too early an increase in Bank Rate at a time when inflationary pressures are also weak. A first increase in Bank Rate is therefore expected in Q2 2015 and they expect increases after that to be at a slow pace to lower levels than prevailed before 2008 as increases in Bank Rate will have a much bigger effect on heavily indebted consumers than they did before 2008.

5.5 The return to strong growth has also helped lower forecasts for the increase in Government debt by £73bn over the next five years, as announced in the 2013 Autumn Statement, and by an additional £24bn, as announced in the March 2014 Budget - which also forecast a return to a significant budget surplus, (of £5bn), in 2018-19. However, monthly public sector deficit figures have disappointed so far in 2014/15.

5.6 The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In September, the inflation rate fell further, to reach a low of 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB took some rather limited action in June to loosen monetary policy in order to promote growth. In September it took further action to cut its benchmark rate to only 0.05%, its deposit rate to -0.2% and to start a programme of purchases of corporate debt. However, it has not embarked yet on full quantitative easing (purchase of sovereign debt).

5.7 Concern in the financial markets for the Eurozone subsided considerably during 2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed.

5.8 Interest Rate Forecasts

The Council's treasury advisor, Capita Treasury Solutions Limited, has provided the following forecast:

	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	2.00%	2.25%	2.50%
5yr PWLB rate	2.50%	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.50%	3.50%	3.50%
10yr PWLB rate	3.20%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.20%	4.30%	4.30%
25yr PWLB rate	3.90%	4.00%	4.10%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%	4.80%	4.90%	4.90%	5.00%
50yr PWLB rate	3.90%	4.00%	4.10%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%	4.80%	4.90%	4.90%	5.00%

5.9 Capita Asset Services undertook a review of its interest rate forecasts on 24 October 2014. During September and October, a further rise in geopolitical concerns, over Ukraine and the Middle East, plus fears around Ebola, dismal growth in most of the ten largest economies of the world, and the growing risk of deflation in the Eurozone, had sparked a flight from equities into safe havens like gilts and depressed PWLB rates. Consequently, this illustrates there is much potential volatility in rates as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 2 of 2015.

6. INVESTMENT STRATEGY AND OUTTURN FOR 2014/15

Investment Strategy

6.1 The Council's investment strategy aimed to secure investment interest for 2014/15 of £364,000, as contained in the budgetary estimates included in the Budget Report. This equates to expected average returns on all investments of 1.083%. This target was set against the overriding criteria of security of principal sums invested, and liquidity of funds to service the Council's operational cash flow requirements.

6.2 The actual performance for the first half of 2014/15 achieved returns on investment totaling £160k (0.96%). Forward projections at 30 September anticipate the full year returns on investment to be close to £328k, some £35k less than predicted at the start of the year. The reason for this is lower than expected average interest rates and cash balances being some £0.682 below the expected average for the year.

6.3 However, investments have nevertheless increased by £6m since 1st April 2014, reflecting the timings of cash flow in the year.

6.4 The movement and composition of investment transactions during the period were:

2014/15 Movement	**Balance 01.04.14 £m**	**Raised in Year £m**	**Repaid in Year £m**	**Balance 30.09.14 £m**	**% of Funds at 30.09.14**
Investments					
Long-term > 1 year	8.000	-	-	8.000	24.9%
Short-term < 1 year	18.500	98.405	(92.340)	24.065	75.1%
TOTAL	26.000	98.405	(92.340)	32.065	100.0%

6.6 The investment transactions during the year are further analysed by volume (i.e. turnover in the half-year), financial institution and deal size as follows:

	No. of Transa-ctions	**Amount Invested £m**	**Average Deal Size £m**	**Minimum Deal Size £m**	**Maximum Deal Size £m**
Short-term **< 1 year or less)**					
Council's own Bank	-	-	-	-	-
Other Banks	8	8.000	1.000	1.000	1.000
Building Societies	17	19.000	1.118	1.000	2.000
Local Authorities	2	3.000	1.500	1.000	2.000
Money Market Funds	71	68.405	0.837	0.040	3.000
Total Short-term	98	98.405	1.114	-	-
OVERALL TOTAL	98	98.405	1.114	-	-

6.7 The Council's treasury management policy currently restricts exposure to banks to a maximum of £4m, except for the Council's own bank, the Cooperative Bank, for which the limit is £5m. For building societies and the limit is £3m.

6.9 The use of Money Market Funds (MMF's) indirectly exposes the Council to non-UK investments. To regulate the risk from foreign investments, the Council's maximum exposure is £3m per counterparty and no more than 25% of total funds. The underlying assets are analysed through a web-based dealing portal to review the creditworthiness of the counterparties which are obligated to the funds. Total MMF fund investments amounted to £2.065m at 30 September, 2014, representing just 6.4% of total funds.

6.10 The composition of investments at 30 September, and the maximum counterparty exposures during the half-year are shown at Appendix 2. All investments were conducted within the specified permissible limits, and no revisions to the investment strategy or counterparty limits are proposed.

7. COMPLIANCE WITH TREASURY MANAGEMENT LIMITS AND PRUDENTIAL INDICATORS

7.1 The Council operates to approved Prudential Indicators for treasury management as contained in the Treasury Management Strategy Statement. The approved limits exist to regulate short-term borrowing for operational cash flow fluctuations, as well as long-term borrowing for financing capital expenditure. Additionally, the limits aim to mitigate risk against fluctuations in interest rates.

7.2 The Council's performance against its treasury management limits and prudential indicators for 2014/15 (up to 30 September) is compared against the actual performance for 2013/14, and the 2014/15 full year estimates, in Appendix 1. Actual performance is within the target limits.

8. PERFORMANCE MEASURES

8.1 The Council's borrowing outturn performance for the half year has been compared to the rate for equivalent new loans taken from the PWLB with the following results:

Debt Measures for half year to 30 Sept. 2014	Mid Sussex District Council			Equivalent New Loan Rate of Interest at 30.09.14
	Average Interest Rate % for 2014/15	**Debt (£m) at 30.09.14**	**% of Debt at 30.09.14**	
Short term Fixed (1 yr)	-	-	-	-
Long Term Fixed (15 yrs)	4.45%	(1.101)	100.0%	3.34%

8.2 The Council's long term debt is at a rate slightly higher than the interest rate for new long term loans of equivalent duration, but this reflects the position that long term interest rates are generally lower than when the Council's original debt was incurred. The Council had no short term debt at the half-year point.

8.3 For the reasons stated in Para.6.2 above, the council's short term investment returns are broadly comparable with the benchmark's average rate of returns, as shown in the Table below. The overnight rate relates to investments in MMF's which as stated in Paras. 6.8-6.9 above account for 6.4% of the portfolio as at 30th September 2014 but constituted 70% of all transaction in the half year. The actual rate of return is above the benchmark average.

INVESTMENTS	Mid Sussex Actual % Rate of Return	Benchmark Average % Rate of Return
1 day	0.40%	0.35%
3 month	0.38%	0.44%
6 month	0.57%	0.58%
Up to 1 year	0.92%	0.93%

8.4 The long term average rate of return for all investments of 1 year or more was 1.69%. There is no benchmark figure available for comparison.

8.5 The average balances held in the half year for short term and long term balances were £25.24m and £8m respectively.

9. OTHER ISSUES

. **Approved Counterparty List for Investments**

9.1 No amendments to the Approved Counterparty List for Investments have been made since the Treasury Management Strategy was approved in April 2014. Security of principal sums invested is foremost, and your officers remain vigilant to the volatility of the financial markets, including sensitivities around Eurozone Sovereign debt in view of Capita Treasury Solutions Limited commentary at Section 5.

9.2 The List of Approved Counterparties for Investment purposes categorised by Banks, Building Societies, Money Market Funds, Local Authorities, Nationalised Industries and other Public Bodies is shown in Appendix 3.

10. CONCLUSION

10.1 This report fulfils the requirements under the CIPFA Code of Practice for Treasury Management, as well as the Council's own treasury management practices, to present a half year outturn report on treasury management activity for the period 1 April to 30 September, 2014.

10.2 The Council's performance during the half year did not quite reach the budgeted returns for investment income, but was within the counterparty lending limits and Prudential Limits approved at the start of the year.

11. RECOMMENDATION

11.1 The Council is recommended to note the Half Year Annual Report for 2014/15, in particular :

I. the increase in net investments from £24.825m to £30.964m in the period 1 April to 30 September 2014 (Para 3.1)
II. that no new long term borrowing has been necessary (Para 4.3)
III. that interest costs are in line with budgetary estimates (Para 4.4) while interest from investments are £35k below the annual budgetary target due to interest rates not increasing at the anticipated rate, and a reduction in the expected amount available for investment.

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Background Papers:	(1)	Report to Council - "Treasury Management Strategy Statement and Annual Investment Strategy 2014/15 – 2016/17 (March, 2014).
	(2)	Half Year Treasury Management Report 2014/15 Template (Capita Treasury Solutions Ltd)

COMPLIANCE WITH PRUDENTIAL INDICATORS 2014/15

1. PRUDENTIAL INDICATORS Extract from budget	**2013/14 Actual**	**2014/15 Full year Estimate**	**2014/15 Actuals (at 30 Sep'14)**
	£m	**£m**	**£m**
Capital Expenditure			
Non - HRA	6.181	6.021	2.962
Ratio of financing costs to net revenue stream – Non HRA	-0.22%	0.09%	1.07%
Borrowing Outstanding			
Brought forward 1 April	1.324	1.179	1.179
Carried forward 31 March/30 Sep	1.179	1.050	1.105
Net in year borrowing / (repayments)	(0.145)	(0.129)	(0.074)
Capital Financing Requirement as at 31 March			
Non – HRA	1.792	1.479	1.792
Change in Cap. Financing Requirement			
Non – HRA	-0.240	-0.271	-
Incremental impact of capital investment decisions			
Increase in council tax (band D) per annum	£0.36	£0.23	-£2.22
2. TREASURY MANAGEMENT INDICATORS			
Authorised Limit for external debt -	**Limit £m**	**Limit £m**	**Actuals £m at 30.09.14**
Borrowing	5.000	5.000	1.105
Other long term liabilities	1.000	1.000	0.530
Total Authorised Limit for external debt -	6.000	6.000	1.635
Operational Boundary for external debt			
Borrowing	3.000	3.000	1.105
Other long term liabilities	1.000	1.000	0.530
Total Operational Boundary for external debt	£4,000	£4,000	1.635
	Actuals at 31.03.14	**2014/15 Limit**	**Actuals at 30.09.14**
Upper limit for fixed interest rate exposure			
Investments net of Borrowing	100%	100%	93.2%
Upper limit for variable rate exposure			
Investments net of Borrowing	0%	0%	6.8%
Upper limit for total principal sums invested for over 364 days	52%	50%	9%

APPENDIX 1

COMPLIANCE WITH PRUDENTIAL INDICATORS 2014/15

The Maturity structure of fixed rate borrowing at 30 September 2014 is :	**Proportion of Total Fixed rate Borrowing**
under 12 months	0%
12 months and within 24 months	0%
24 months and within 5 years	0%
5 years and within 10 years	100%
10 years and above	0%

APPENDIX 2

MAXIMUM INVESTMENTS WITH EACH COUNTERPARTY
1 APRIL – 30 SEPTEMBER 2014

Name of Counterparty	Maximum Individual Investment	* Maximum Holdings At Any Time	Balance at 30th September 2014
	£m	£m	£m
Fixed Term Cash Deposits			
Banks			
Bank of Scotland	1.000	1.000	1.000
Barclays Bank	1.000	4.000	4.000
Lloyds TSB	1.000	3.000	3.000
Building Societies			
Coventry	3.000	3.000	-
Leeds	1.000	1.000	1.000
National Counties	1.000	3.000	3.000
Nationwide	2.000	3.000	3.000
Newcastle	1.000	3.000	3.000
Nottingham	1.000	3.000	3.000
Skipton	2.000	3.000	3.000
West Bromwich	1.000	3.000	3.000
Commercial Money Markets			
Black Rock	3.000	3.000	-
Federated Prime Rate	3.000	3.000	0.680
Invesco	3.000	3.000	1.385
RBS	1.000	1.000	-
Local Authorities			
Cheshire West & Chester Council	2.000	2.000	2.000
London Borough of Islington			
Worthing Borough Council	1.000	1.000	1.000
	1.000	1.000	-
TOTAL INVESTMENTS AT 30th SEPTEMBER, 2014			32.065

***The maximum holdings at any point were within the limits approved at the start of the year for each counterparty.**

APPENDIX 3

APPROVED INVESTMENT INSTITUTIONS

Specified Investments identified for use by the Council

New specified investments will be made within the following limits:

(a) *Banks (Approved Investment Regulation 2 (b))*

Major U.K. and European Banks and their wholly-owned subsidiaries meeting the Council's approved investment criteria.

		Group	Individual Sum and Maximum Period	
1	**HSBC Bank Group:**	**£5m**		
	• HSBC Bank plc		**£4m**	**5 years**
2	**The Royal Bank of Scotland Group:**	**£5m**		
	• The Royal Bank of Scotland plc		**£4m**	**5 years**
	• National Westminster Bank plc		**£4m**	**5 years**
	• Ulster Bank Belfast Limited		**£1m**	**1 year**
3	**Lloyds TSB Group:**	**£5m**		
	• Lloyds TSB Bank plc		**£4m**	**5 years**
	• Halifax plc		**£4m**	**5 years**
	• Bank of Scotland plc		**£4m**	**5 years**
	• HBOS Treasury Services plc		**£4m**	**5 years**
4	**Barclays Group:**	**£5m**		
	• Barclays Bank plc		**£4m**	**5 years**
5	**Santander Group:**	**£5m**		
	• Santander UK plc (incorporating Alliance and Leicester & Abbey National)		**£4m**	**5 years**
6	**The Co-operative Bank p.l.c.**		**£5m**	**5 years**
7	**Clydesdale Bank**		**£4m**	**5 years**

APPROVED INVESTMENT INSTITUTIONS

(b) *Building Societies (Approved Investment Regulation 2 (c))*

(i) Building Societies (Assets in excess of £1 billion):

Rank *	Counterparty	Individual	
		Sum	Period
1	Nationwide	£3m	3 years
2	Yorkshire	£3m	3 years
3	Coventry (incorporating Stroud & Swindon)	£3m	3 years
4	Skipton	£3m	3 years
5	Leeds	£3m	3 years
6	West Bromwich	£3m	3 years
7	The Principality	£3m	3 years
8	Newcastle	£3m	3 years
9	Norwich and Peterborough	£3m	3 years
10	Nottingham	£3m	3 years
11	Progressive	£3m	3 years
12	Cumberland	£3m	3 years
13	National Counties	£3m	3 years

(c) *Money Market Funds (Approved Investment Regulation 2(2) and 2(3) (b))*

<table>
<tr><th>Counterparty</th><th>Sum</th><th></th></tr>
<tr><td>Invesco Aim – Sterling</td><td>£3m</td><td rowspan="8">For Short Term Operational Cash Flow Purposes</td></tr>
<tr><td>Blackrock Institutional Sterling Liquidity Fund</td><td>£3m</td></tr>
<tr><td>Ignes Sterling Liquidity Fund</td><td>£3m</td></tr>
<tr><td>Goldman Sachs Sterling Liquidity Reserve Fund</td><td>£3m</td></tr>
<tr><td>Henderson Liquid Assets Sterling Fund</td><td>£3m</td></tr>
<tr><td>Fidelity Institutional Cash Fund plc – Sterling</td><td>£3m</td></tr>
<tr><td>Federated Investors Sterling Liquidity Fund</td><td>£3m</td></tr>
<tr><td>RBS – Global Treasury Fund - Sterling</td><td>£3m</td></tr>
</table>

The limit for investing in any one Money Market Fund is £3 million. Total investments in Money Market Funds shall not exceed £5m or 25% of the total investment portfolio, whichever is the higher.

APPROVED INVESTMENT INSTITUTIONS

(d) **Local Authorities (Approved Investment Regulation 2 (i) and Schedule Part II)**

(i) **All the following local authorities mentioned in the Regulations**

Schedule Part II Ref	Details	Individual	
		Sum	Period
1	County Councils (England and Wales)	£3m	5 years
2	District Councils in England and Wales (including Borough, City, Metropolitan Borough Councils and Unitary Councils)	£3m	5 years
3	London Borough Councils	£3m	5 years
4	The Common Council of the City of London	£3m	5 years
5	The Council of the Isles of Scilly	£3m	5 years
6	(Joint authorities (police, fire, civil defence, transport) - see other public bodies)		
7	Combined police authorities	£3m	5 years
8	(Metropolitan Police - see other public bodies)		
9 - 13	(Not permitted)		
14	(Levying body under s.74 LGFA 1988 - see other public bodies)		
15	(Special levying body s.75 LGFA 1988 - see other public bodies)		
16	Regional, Islands, or District Councils in Scotland	£3m	5 years
17	Joint boards under s.235 (1) of LG (Scotland) Act 1973	£3m	5 years
18 - 27	(See other public bodies)		
28	District Councils in Northern Ireland	£3m	5 years
29	Police Authorities under s.3 Police Act 1964 as substituted by s.2 Police & Magistrates Courts Act 1994	£3m	5 years

APPROVED INVESTMENT INSTITUTIONS

(e) **Nationalized Industries and other Public Bodies (Approved Investment Regulation 2 (i) and Schedule Part II)**

(i) **Permitted lending:**

Schedule Part II Ref	Details	Individual Sum	Individual Period
1 - 5	(See local authorities)		
6	Police, Fire, Civil Defence, and Waste Disposal Authorities	£3m	1 year
6	Passenger Transport Authorities	£3m	1 year
7	(See local authorities)		
8	Receiver for the Metropolitan Police	£3m	1 year
9 - 13	(not permitted)		
14	Levying bodies s.74 LGFA 1988:-		
	Residuary Bodies	£2m	1 year
15	Special levying bodies s.75 LGFA 1988		
16 - 17	(See local authorities)		

Schedule Part II Ref	Details	Individual Sum	Individual Period
18	The British Coal Corporation	}	
19	The British Railways Board	}	
20	The British Waterways Board	}	
21	The Civil Aviation Council	}	
22	London Regional Transport	}	
23	The Post Office	} £3m	1 year
24	The Commonwealth Devt. Corporation	}	
25	Nuclear Electric Limited	}	
26	Scottish Nuclear PLC	}	
27	United Kingdom Atomic Energy Council	}	