

LOCAL AUTHORITY INVESTMENT CLASSES MAPPED ONTO MAIN REGULATORY REQUIREMENTS

Reference numbers in brackets are to the definition of the investment; references in red are to the main regulatory requirements

MAIN INVESTMENT CLASSES COVERED:

	A treasury	B treasury	C commercial	D service	E service	F commercial	G operational
Purpose of investment investment classes	short term high credit quality deposits & MMFs, held primarily for treasury management	long term bonds and pooled funds, property funds, and equities: held primarily for treasury management (usually debt free authorities)	short or long term bonds and pooled funds, property funds, and equities: held primarily for profit (usually net borrower authorities)	shares in local businesses and service delivery companies: held to support the economy or other services	loans to assist local businesses: held to support the economy or other services	property held primarily for profit	property held partially for profit - eg leases to partners or voluntary organisations?
capital expenditure?	rarely	rarely	rarely	always	usually	always	always
commercial terms?	always	always	usually	sometimes	sometimes	usually	usually

MHCLG INVESTMENT GUIDANCE 3RD EDITION:

'Investments' (IG 4)			
IG 15-19 (principles), 23 (indicators), 41 (risk assessment), 48-50 (capacity, skills and culture)			
'Financial investments' (IG 30)			non-financial assets held primarily or partially to make a profit (IG 4)
'Specified investments' (IG 31): Short term, high credit quality, not capital exp	'non-specified investments' (IG 35)		loans for services (IG 33)
IG 32 (define high credit quality)	IG 36 (categories; approved limits)		IG 33-34 (proportionate; credit control; approved limit)
	IG 44-45 (dependence on profits); 46-47 (no borrowing)		IG 37-40 (fair value and losses); IG 43 (exit route) IG 44-45 (dependence on profits); 46-47 (no borrowing)
Treasury management purposes (IG 20)		all other investment purposes (IG 20)	
IG 21 (apply TM Code principles), 28 (SLY)		IG 22 (service contribution), 29 (balancing SLY)	
		IG 42 (maximum periods)	

CIPFA DRAFT PRUDENTIAL AND TREASURY CODES 2021:

purpose of investment	treasury management purposes (PC 95)	commercial purposes (PC 95)	service purposes (PC 95)	commercial purposes (PC 95)	<i>(not covered)</i>
	PC 24 & TM Code s.8: Capital / TM / Inv Strategy to report all investments in treasury, service and commercial categories				
	TM Code: long term investments indicator	PC 24: set objectives, risk appetite and risk management for serv and comm investmts; PC 81: commercial and service investments indicator; TM Code: IMP schedules		PC 51: must not borrow to invest; 53 review exit options	
		PC 51: must not borrow to invest; 53 review exit options		PC 51: must not borrow to invest; 53 review exit options	

PWLB ELIGIBILITY FROM 26/11/2020:

LAs purchasing "investment assets": does the LA retain PWLB access?	not primarily for yield	primarily for yield	not primarily for yield	primarily for yield
	LAs not purchasing investments for yield have full PWLB access	LAs doing this have restricted access	LAs not purchasing investments for yield have full PWLB access	LAs doing this have restricted access

disclaimer: this overview is for broad guidance only, and users should check the relevant regulatory framework.