

# TENBURY TOWN COUNCIL



## Annual Investment Strategy

October 2017

## **1.0 Introduction**

- 1.1 The Council acknowledges the importance of prudently investing the temporary surplus fund held on behalf of the community.
- 1.2 This strategy has been produced to comply with the guidance issued by the Secretary of State under Section 15(1) (a) of the Local Government Act 2003.
- 1.3 In accordance with Section 15(1) of the 2003 Act, the Council will have regard to (a) such guidance as the Secretary of State may by regulations specify.

## **2.0 Investment Objectives**

- 2.1 The general policy objective for this Council is prudent investment of its balances. The Council's investment priorities are:
  - (i) the security of reserves
  - (ii) the liquidity of investments
- 2.2 The Council will aim to achieve optimum return on its investments commensurate with proper levels of security and liquidity.

## **3.0 Policy**

- 3.1 All the Council's investments will be Specified Investments, which are those offering high security and high liquidity. This requires that:-
  - (i) All investments will be made in sterling and any payments or repayments will also be made in sterling.
  - (ii) All investments will be short term, which will not exceed a maximum of twelve months
  - (iii) All investments will be made with a body or investment scheme, which has been awarded a high credit rating by a credit rating agency. (A high credit rating will be defined as 'A' 'High Credit Quality').
  - (iv) All investments will be made in UK banks, building societies, local authorities or other public authorities.
- 3.2 Credit Ratings will be monitored on a regular basis, as required. If the credit rating falls during the period, the Town Clerk and Responsible Finance Officer, in consultation with the Chair of the Finance and Staffing Committee,

will be decided on the appropriate action. Credit ratings will be reported to the Finance and Staffing Committee.

- 3.3 For prudent management of its balances, the Council, ensuring sufficient levels of security and liquidity, will adopt a policy whereby funds that are likely to be surplus for up to three months can be, if possible, invested in short term deposits with one or more of the UK banks, building societies, local authorities or other public authorities.
- 3.4 The Department for Communities and Local Government maintains that borrowing monies purely to invest, or to lend and make a return is unlawful and the Council will not engage in such activity.
- 3.5 The Town Clerk and Responsible Finance Officer will determine the maximum periods for which funds may be prudently be committed so as not to compromise liquidity.
- 3.6 Non-specified investments will not be used given the unpredictability and uncertainties surrounding such investments. These investments have greater potential risk examples include investments in stocks and shares.
- 3.7 Investment performance will be reported quarterly in the revenue budget monitoring report, which is presented to the Finance and Staffing Committee. Investment forecasts for the subsequent financial year were accounted for during the budget setting process. At the end of the financial year, the Town Clerk and Responsible Finance Officer will report on the investment return to the Finance and Staffing Committee.

## **4.0 Review and Amendment of the Strategy**

- 4.1 This strategy will be reviewed annually by the Town Clerk and Responsible Finance Officer and presented to the Finance and Staffing Committee for approval.
- 4.2 The Finance and Staffing Committee may recommend variations to the strategy at any time in accordance with the guidance from the Secretary of State, subject to the approval of the Full Council.