

KESGRAVE TOWN COUNCIL

Investment Policy and Strategy

1 Introduction

- 1.1 Kesgrave Town Council ("Council") acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.
- 1.2 In preparing its investment strategy Council is required under Section 15(1)(a) of the Local Government Act 2003 to have regard to such guidance as the Secretary of State may issue.
- 1.3 The current Statutory Guidance On Local Government Investments (3rd Edition) is effective for financial years commencing on or after 1 April 2018 and can be found using the following link: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf. The strategy set out in this Policy has been prepared with regard to, and employs terms that are defined in, this document.
- 1.4 The Guidance Note makes distinction between investments that are: a) high security and high liquidity (specified investments); and, b) those with potentially greater risks and lower liquidity (non-specified investments). Refer to paragraphs 30-36 in the Guidance Note for the definitions.

2 Investment Objectives

- 2.1 Council's priorities will be centred on the security of reserves (protecting the capital sum from loss) and then liquidity of its investments (keeping the money readily available for expenditure when needed).
- 2.2 All investments will be made in sterling.
- 2.3 The Department for Communities and Local Government allow a local authority to make loans to local enterprises, or third sector entities as part of regeneration or economic growth projects. The Council does not currently engage in such practice and would only consider doing so if it were deemed prudent (see document link in 1.3, paragraph 6).
- 2.4 If external investment managers are used, they will be contractually required to comply with this Policy.

3 Specified Investments

- 3.1 Specified Investments are those offering high security and high liquidity, made in Sterling and with a maturing of no more than a year. Such short-term investments made with the UK Government or a local authority to Town/Parish Council will automatically be Specified Investments, as will those with bodies or investment schemes of "high credit quality".
- 3.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Council will use:
 - deposits with UK banks, UK building societies, UK local authorities or other UK public authorities; and
 - the Debt Management Agency of HM Government.

Council currently holds investments with Barclays Active Saver Account (instant access), Barclays Business Current Account (instant access) and Flagstone Deposit Account (refer to Appendix A for the specific procedure notes for administering this account for short term deposits).

4 Non-Specified Investments

- 4.1 These investments have greater potential risk - examples include investment in the money market, subordinated bonds from banks, permanent interest-bearing shares from building societies and corporate stocks and shares. Given the unpredictability and uncertainties surrounding such investments, Council will not use this type of investment.

5 Liquidity of Investments

- 5.1 Subject to retaining no less than 6 months' average working capital requirement in current and deposit accounts giving immediate access, the Responsible Financial Officer, will determine the amounts and maximum period for which funds may be prudently invested, in accordance with paragraph 3 above, so as not to compromise liquidity. The RFO may investigate the market and, if needed, seek investment advice and liaise with other local councils/organisations regarding their investment options to aid improving Council's investment decisions.
- 5.2 The placement of surplus funds shall be reviewed by the Finance and Governance Committee and its findings and recommendations shall be reviewed and ratified by Council, who may delegate implementation of any changes to the Responsible Financial Officer (RFO) as appropriate.
- 5.3 Credit ratings will be monitored at quarterly intervals. If the credit rating falls during that period, the Responsible Finance Officer, in consultation with the Chair of Finance & Governance Committee, will decide on the appropriate action.

6 Long-term Investments

- 6.1 Long term investments are defined in the Guidance note as greater than 12 months and it requires that, should any Council wish to invest for periods greater than 12 months, it must identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums.

Council does not currently hold any funds in long-term investments. No long-term investments are envisaged during this review period.

7 End of Year Report

- 7.1 Investment forecasts for the coming financial year were accounted for when budget was prepared. At the end of the financial year, the Responsible Finance Officer will report on investment activity to the Finance and Governance Committee.

8 Review of this Strategy

- 8.1 The Investment Strategy shall be reviewed every 2 years by the Finance & Governance Committee and approved by Council before the commencement of a new financial year.
- 8.2 Council shall be able to amend or make variations to the strategy at any time.

9 Alternative Formats

- 9.1 Anyone who requires this document in another format should contact Council on 01473 625179 or email enquiry@kesgravetowncouncil.org.uk.

10 Freedom of Information

- 10.1 In accordance with the Freedom of Information Act 2000, this document will be published on the Council's Website www.kesgravetowncouncil.org.uk and is also available by contacting Kesgrave Town Council, Town Council Offices, Ferguson Way, Kesgrave, IP5 2FZ. Telephone: 01473 625179 or email: enquiry@kesgravetowncouncil.org.uk

Last reviewed: 14 October 2024 (reviewed at F&G 14/10/2024)

Next review due: 14 October 2026

Appendix A: - Procedures for Administering the Flagstone Account

The option to proceed with the Flagstone Saving Platform for short-term deposits was approved by Full Council at the meeting held on 27 November 2023. Flagstone provide the platform to deposit with Financial Institutions without having to apply separately to each. Following a successful application, the account opened 4 March 2024.

It was agreed that the Finance and Governance Committee members will manage the account and report back to the Full Council. All F&G members/Town Clerk (as of January 2024) have been included as named individuals on the application and have been issued with log-in details to have read-only access to the account. New committee members may be added following approval by the F&G Committee. The RFO acts as executor of the account.

Main Strategy for Deposit Accounts: -

- All accounts to agree with the terms expressed within the Kesgrave Town Council's Investment Policy and Strategy.
- No accounts to exceed a 12-month maturity term.
- A mix of maturity dates to avoid ending at the same time, e.g., instant access for cash flow requirements, 6 months, 9 months and 12 months.
- A spread of providers (5 initially).
- Best interest rates to provide liquidity and security.

Procedures for administering the account: -

- Authorisation is required from Full Council to transfer funds from the Barclays Active Saver Account to the Barclays Current Account before any transfer to the Flagstone Holding Account. With approval, this will be actioned by the RFO. The initial transfer of £500,000 is required to open the Flagstone Account.
- Full authority to be transferred to the F&G Committee to make decisions to select appropriate accounts on the platform for both new deposits and decisions upon maturity, with consideration to the main strategy highlighted above.
- The RFO (having received advice from the Town Clerk/committee members) will contact all F&G members by email to confirm the proposed accounts with details including the provider's name, period length, interest rate and maximum deposit. Decisions will be made by the majority response. In the event of a split decision, the F&G Chair will have the casting vote.
- The RFO and Town Clerk will jointly implement all transactions (or any member of the F&G committee, if not available) on the Platform within 5 working days, subject to exceptional circumstances. Two people to be present to process transactions and verify that they have been processed correctly. As interest rates/terms of investment may change daily on accounts it is not practical to wait until the next Council meeting to make decisions on deposits.
- All actions taken will be communicated to all F&G members who should access their Flagstone Accounts (read-only) to witness the transactions have been completed correctly. Read-only accounts ensure all transactions are transparent and can be viewed as a security check by all members of F&G.
- All processed transactions to be reported to the Full Council at least every 6 months.
- All documentation to be printed (hardcopy retained) then signed by the two people processing each transaction, then filed.
- Decisions outside the strategy should be discussed by Full Council for approval before a decision is made by the F&G Committee.

FSCS Guarantee: -

From the FSCS website: - *FSCS does not protect deposits made by a public authority (including a parish council), unless it is a small local authority with an annual budget of up to EUR500,000.*

As the Council funding requirement for 2024/25 exceeds this limit, (£426,850 exchange rate April 2024) it cannot benefit from the guarantee.

Summary of Procedures for Administering the Flagstone Account (Appendix A)

