



# Investment Policy and Strategy 2018

## 1 Introduction

- 1.1 Kesgrave Town Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.
- 1.2 In preparing its investment strategy the Council is required under Section 15(1) of the Local Government Act 2003 to have regard to such Guidance as the Secretary of State may issue.
- 1.3 The current statutory Community and Local Government (CLG) Investments Guidance Note came into force on 1 April 2010 and is appended to 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)
- 1.5 A 'Specified Investment' is one which is made in sterling, is not long term (less than 12 months) not defined as capital expenditure and is placed with a body which has a high credit rating or made with the UK Government, a UK Local Authority or a parish or community council. Any other type of investment is considered 'Non-Specified Investment' to which there can be greater risk and where professional investment advice might be required.
- 1.6 This strategy is prepared with regard to the appended guidance and in accordance with Council's Financial Regulations where it relates to Loans & Investments and Risk Management.

## 2 Investment Objectives

- 2.1 Kesgrave Town 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 maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Council will not engage in such activity.
- 2.4 If external investment managers are used, they will be contractually required to comply with the 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<sup>1</sup>".
- 3.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:
- Deposits with UK banks, UK building societies, UK local authorities or other UK public authorities
  - The Debt Management Agency of HM Government

*Kesgrave Town Council currently holds investments with Barclays Active Saver Account (instant access), and Barclays Business Current Account (instant access).*

### **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, the Council will not use this type of investment.

### **5 Liquidity of Investments**

- 5.1 Subject to retaining no less than three 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.
- 5.2 The placement of surplus funds shall be considered by the Finance and Governance Committee and subsequent full Town Council Meeting, who may delegate 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 Chairman 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.

*The Council does not currently hold any funds in long-term investments. No long-term investments are envisaged during the financial year 2018/19.*

## **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 annually by the Finance & Governance Committee and approved by full 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 If you require this document in another format please contact the Council on 01473 625179 or email [enquiry@kesgravetowncouncil.org.uk](mailto: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](http://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](mailto:enquiry@kesgravetowncouncil.org.uk)

**LAST REVIEWED AND RESOLVED; 15<sup>th</sup> January 2018;**

**NEXT REVIEW DUE; March/April 2019.**