

Investment Policy and Strategy

Policy Number: RTC 26	Issue Number: 03
Issue Date: May 15th 2018	Review Date: 11 th May 2022
Originator: L McCormick	Agreed: RTC Annual Meeting 4 th May 2021

BACKGROUND

Ripley Town Council has adopted this Investment and Strategy Policy to provide a sound structure to the way it conducts its business

INVESTMENT POLICY & STRATEGY 2021 - 2022

1. INTRODUCTION

Ripley Town Council (the Council) acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty. This Strategy complies with the revised requirements set out in the Department of Communities and Local Government *Guidance on Local Government Investments* and takes into account Section 15(1)(a) of the Local Government Act 2003 and guidance within Governance and Accountability for Local Councils *Practitioner's Guide 2018*.

The Local Government Act 2003 states that a local authority may invest:

- For any purpose relevant to its functions under any enactment.
- For the purpose of prudent management of its financial affairs.

The Council defines its treasury management activities as "*the management of the Council's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks.*"

2. POLICY

- 2.1. This strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks and should be read in conjunction with the Council's Financial Regulations.

3. INVESTMENT OBJECTIVES

- 3.1. The Council's investment priorities are:

- the security of its reserves, and
- the adequate liquidity of its investments, and
- the return on investment – the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

- 3.2 All investments will be made in sterling and be ethical investments
- 3.3 The Department of Communities and Local Government maintains the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.
- 3.4 The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies.
- 3.5 Investments will be spread over different providers where appropriate to minimise risk.

4. **SPECIFIED INVESTMENTS**

- 4.1 Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government or a local authority or town or parish council will automatically be Specified Investments.
- 4.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Ripley Town Council will use:
- * Deposits with banks, building societies, local authorities or other public authorities
 - * Other approved public sector investment funds.
- 4.3 The choice of institution and length of deposit will be at the approval of the Policy & Resources Committee.
- 4.4 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

5. **NON SPECIFIED INVESTMENTS**

- 5.1 These investments have greater potential risk – examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council will **not** use this type of investment.

6. **LIQUIDITY OF INVESTMENTS**

- 6.1 The Policy & Resources Committee in consultation with the Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 6.2 Investments will be regarded as commencing on the date the commitment to invest is entered into rather than the date on which the funds are paid over to the counterparty.

7. **LONG TERM INVESTMENTS**

- 7.1 Long term investments are defined as 12 months or more.
- 7.2 The Council does not currently hold any funds in long term investments.

8. **INVESTMENT STRATEGY 2021 - 2022**

8.1 For 2021 - 2022 the Council may invest as much of its balances as possible in low risk products in order to achieve its investment objectives.

8. **END OF YEAR INVESTMENT REPORT**

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

10. **REVIEW AND AMENDMENT OF REGULATIONS**

10.1 The Annual Investment Strategy must be reviewed annually and revised if considered necessary.

10.2 The Council reserves the right to make variations to the Investment Strategy at any time subject to the approval of Council. Any variations will be made available to the public

11. **FREEDOM OF INFORMATION**

11.1 In accordance with the Freedom of Information Act 2008, the Council's Investment Strategy will be published on the Town Council's website www.ripleytowncouncil.gov.uk and is also available as hard copy from the Town Council Offices.