



# Salcombe Town Council Investment Strategy

This Investment Strategy was adopted by the Council at its meeting held on 27<sup>th</sup> September 2023.



## 1. OVERVIEW

This Investment Strategy (the **Strategy**) gives guidance on investments and borrowing by Salcombe Town Council (the **Council**) in accordance with the Local Government Act 2003 (the **Act**). The Strategy highlights that the Council is committed to professional Treasury Management practices to ensure that:

- Treasury Management decisions are taken in accordance with good professional practice. The CIPFA Treasury Management Code of Practice defines Treasury Management as: “The management of the Council’s cashflows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- Capital expenditure plans are affordable.
- All external borrowing and other long-term liabilities are within prudent and sustainable levels.

## 2. Policy

This Strategy establishes formal objectives, policies, 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 STRATEGY

3.1 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 requirements set out in the UK Government’s “Statutory Guidance on Local Government Investments (3<sup>rd</sup> Edition)” (the **Guidance**) effective for financial years commencing on or after 1 April 2018 and takes into account Section 15(1)(a) of the Local Government Act 2003

3.2 The Council’s investment objectives (the **Investment Objectives**) are:

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

3.3 All investments will be made in sterling.

3.4 The Council will not engage in the borrowing of money purely to invest or to lend and make a return.

3.5 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.



3.6 Investments will be spread over different providers where appropriate to minimise risk.

#### **4. SPECIFIED INVESTMENTS**

4.1 “Specified Investments” means investments that offer 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.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:

- Deposits with banks, building societies, local authorities or other public authorities.
- Qualifying Money Market Funds, including CCLA Public Sector Deposit Fund
- Other approved public sector investment funds.

4.3 The choice of institution and length of deposit will be subject to approval by the Council.

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 Council, having consulted with its Responsible Financial Officer (the **RFO**) 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**

Long-term investments are defined in the Guidance as having a maturity from commencement greater than 12 months. The Council does not currently hold or anticipate holding any funds in long-term investments.

#### **8. EXTERNAL BORROWING**

8.1 The Council acknowledges the importance of borrowing funds and the financial impact on the Council and the local community. All borrowings shall be subject to approval by the Council.



8.2 Borrowing for capital expenditure (as defined in section 16 of the Act) will be subject to approval by the Council and the Council having consulted and obtained such governmental and other consents and approvals in each case as may be required at the relevant time.

8.3 The Council has no plans currently to incur capital expenditure which will require it to sanction a loan or external borrowing.

## **9. INVESTMENT STRATEGY 2023-24**

For its current financial year 2023-24, the Council may invest such part of the funds in its accounts at Lloyds Bank plc including funds categorised as reserves as it determines to be appropriate, subject to approval by the Council, in Specified Investments in accordance with this Strategy and its Investment Objectives.

The investments will be split between;

- Lloyds Bank plc
- CCLA Public Sector Deposit Fund

## **10. FORECASTS AND REPORTING**

Investment forecasts for the coming financial year will be accounted for when the Council's budget is prepared. Following the end of each financial year, the RFO will report to the Council on investment performance.

## **11. REVIEW AND AMENDMENT**

11.1 The Council's Strategy shall be reviewed annually by the Council and revised if considered desirable or necessary.

11.2 The Council may approve variations to the Strategy at any time. Any variations will be published on the Council's website ([www.salcombetowncouncil.gov.uk](http://www.salcombetowncouncil.gov.uk)) and shall be available in hard copy at the Council's offices upon request to the Town Clerk with reasonable prior notice.

## **12. PUBLICATION**

The Council's Strategy will be published on the Council's website [www.salcombetowncouncil.gov.uk](http://www.salcombetowncouncil.gov.uk) and shall be available in hard copy at the Council's offices upon request to the Town Clerk with reasonable prior notice.