



# **Taunton Town Council**

## **Annual Investment Strategy**

## POLICY UPDATE TIMELINE

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AIS 01	V 1	TC	****	****	1 April 2023	1 Sept 2023	TC

**Distribution:**

Internal: All TTC Staff

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# Annual Investment Strategy

## 1. General:

- 1.1 Taunton Town Council (the Council) acknowledges the importance of prudent investment of treasury funds through adherence to the Statutory Guidance on Local Government Investments (3rd Edition) issued under section 15(1)(a) of the Local Government Act 2003, effective from 1 April 2018.
- 1.2 This Strategy should be read in conjunction with the Council's Financial Regulations and Internal Financial Controls.
- 1.3 This Strategy sets out the requirement to achieve the prudent management of treasury balances throughout the financial year.
- 1.4 This Strategy sets out to balance its investments with the Council's duty to manage daily revenue expenditure alongside an affordable capital programme.

## 2. Investment Objectives:

- 2.1 Under Section 12 of the 2003 Act, a local authority has the power to invest for "any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs".
- 2.2 The policy of the Council is to ensure that its investments contribute to the objectives of the local authority and its functions, through effective treasury management activities and the prudent management of its finances. The policy will adhere to the principle to prioritise Security, Liquidity and Yield in that order of importance, and to ensure that any risks are effectively mitigated.

## 3. Liquidity of Investments:

- 3.1 The Town Clerk, in consultation with the Chair of the Council, will determine the period investments can be prudently committed and shall risk assess fixed term investments.
- 3.2 The Town Clerk may, with due consideration to the economic climate, the Council's current resources and liquidity, its expenditure commitments and contingencies, determine that none of the Council's balances can be prudently committed to fixed term or longer-term investments.

## 4. Specified Investments:

- 4.1 A specified investment, as provided in paragraph 31 of the Statutory guidance, is one where:
  - The investment and any payments in respect of the investment are in sterling.

- The investment is not long term, such that the local authority has contractual right to repayment within 12 months if required.
- The making of the investment is not defined as capital expenditure by Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- The investment is made with a body or investment scheme of “high credit quality” or the United Kingdom Government, a local authority (as defined in section 23 of the 2003 Act) or a parish council or community council.

#### 4.2 The Council will invest in:

- bank deposit accounts of “high credit quality” from instant access up to twelve months in term.
- the Public Sector Deposit Fund, a UK FCA Qualifying Money Market Fund managed by the CCLA, one of the UK’s largest charity fund managers.

#### 4.3 The Council will have, or has, has in place two specified investments.

### 5. Non-Specified Investments:

#### 5.1 Non-specified investments, as provided in paragraphs 35 and 36 of the statutory guidance are where:

- The investment is not a loan and does not meet the criteria to be treated as a specified investment.
- Procedures are set out determining which categories of investments may be prudently used.
- Categories for investments have been defined as suitable for use.
- State the upper limits for the maximum amounts both individually and cumulatively that may be held in each identified amount and for the overall amount held in non-specified investments.

#### 5.2 As part of this Investment Strategy, the Council will consider best value, based on an examination of Security, Liquidity and Yield, of the defined non-specified investment provided by the CCLA’s Public Sector Property Fund.

### 6. Council Investments:

6.1 The Council holds its day-to-day funds in a non-interest bearing business current account at a local banking branch in Taunton. This account has periodically, as a consequence of the bi-annual receipt of the precept, periods when material funds are held in this account.

6.2 The Council will also hold a specified investment in the form of a 12-month fixed interest deposit at a commercial bank, as well as funds in the Public Sector Deposit Fund which is a variable term, variable interest investment vehicle that facilitates flexibility in investments and withdrawals.

6.3 The Council will assess the CCLA's Local Authorities' Property Fund following thorough consideration of the Council's financial position and monthly cash flows. This consideration will finalise, if any, the categories for investment and the upper limits for maximum amounts held individually and cumulatively.

## **7. Review of the Strategy:**

7.1 This Investment Strategy will be reviewed annually and reported to Full Council.

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