



# New Alresford Town Council

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# Investment Policy

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	Related Policies – Reserves Policy, The Governance and Accountability Practitioners Guide, NATC Financial Regulations.

## Version Control

Version	Owner	Date approved	Minute Ref	Website updated	Next review
V1	Town Council	18/11/19	19/188	20/11/19	Nov 2021

## **1. Introduction**

- 1.1 The Investment of surplus funds by local authorities is governed by the Local Government Act 2003, section 15(1)(a) and Guidance issued by the Secretary of State under that Act, currently the 3<sup>rd</sup> edition effective from 1<sup>st</sup> April 2018.
- 1.2 Investments below £10,000 are not subject to the Guidance but for investments between £10,000 and £500,000 the council is required to make a formal decision on the extent to which it would be reasonable to adopt the Guidance either in part or in full.

The objectives of the policy are in priority order of

1. Security – protecting the capital sum invested from loss; and
2. Liquidity – ensuring the funds invested are available for expenditure when needed.
3. Return - Maximising income considering the national economic situation

## **2. Types of Investments**

There are two main types of Investments ‘Specified’ and ‘Non-Specified’

A ‘Specified’ Investment is one which is made in pound sterling, is for a term less than 12 months and is placed with a body which has a high credit quality rating or made with the UK Government, a UK Local Authority or other public authorities.

A ‘Non-Specified’ Investment is any other type of investment is considered to which there can be greater risk and where professional investment advice might be required.

## **3. Process**

- 4.1 The RFO to conduct an annual cash flow forecast to ascertain expenditure commitments for the coming financial year. This forecast will be used to determine opportunities for investment of surplus funds.
- 4.2 NATC in consultation with the RFO will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 4.3 The placing of such deposits will be determined by the RFO.
- 4.4 Investment forecasts for the coming year are accounted for when the budget is prepared. At the end of the financial year the RFO will report on investment activity to Town Council.
- 4.5 The RFO to review investments quarterly and report to Finance and Facility Committee.

# Investment Strategy

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.
2. Adopt the principles of the Secretary of State's Guidance in relation to council investments.
3. NATC acknowledges the importance of prudently investing its temporary surplus funds held on behalf of the community.
4. NATC's priorities will be focused on the security of the investment, then the adequate liquidity and return on investment.
5. NATC aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
6. Considering the risk factor, NATC will invest as much of its balance as possible in a product(s) in order to achieve its investment objectives.
7. NATC is mindful of the Financial Conduct Authority (FCA) deposit protection scheme current limit is £85,000. Any investment over this limit will be with major UK Banks using three licences.
8. Based on the cash flow forecast, to invest only in pounds sterling immediate access or Fixed term deposit investments of less than 100 days' notice with Financial Institutions covered by the FCA deposit protection scheme.
9. The choice of Financial institution and length of deposit will be approved by Town Council.
10. NATC will monitor the risk of loss on investment.