



ANNUAL INVESTMENT STRATEGY

SEPTEMBER 2023

This policy was adopted by Ellesmere Town Council on: 2nd October 2023

To be reviewed annually.

ANNUAL INVESTMENT STRATEGY 2023/2024

1. INTRODUCTION

- 1.1 Ellesmere Town Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.
- 1.2 This Strategy complies with the revised requirements set out in:
- Statutory Guidance on Local Government Investments issued by the Ministry of Housing, Communities and Local Government.
 - Takes account of the CIPFA Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes.
 - Section 15(1)(a) of the Local Government Act 2003.
 - Guidance within Governance and Accountability for Local Councils Practitioners Guide 2021.

2. INVESTMENT OBJECTIVES

- 2.1 In accordance with Section 15 (1) of the 2003 Act, the Council will have regards to
- (a) such guidance as the Secretary of State may issue and
- (b) such other guidance of the Secretary of State may by regulations specify.
- 2.2 The Council's objectives when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The Council will therefore aim to achieve the optimum return on its investments with appropriate levels of security and liquidity.
- 2.3 The Council investment priorities therefore are, in order of importance:
- The security of its reserves.
 - The adequate liquidity of its investments.
 - The return (yield) on investments.
- 2.3 All investments will be made in sterling.
- 2.4 The Ministry for Housing 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.

- 2.5 Investments in pooled funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term money market funds offering same –day liquidity and very low or now volatility provide an alternative to instant access bank accounts.
- 2.6 The amount of any specified investment can be up to 100% of the Council’s available funds for investing.

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 or Town and Parish Council will automatically be specified investments.
- 3.2 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, other public authorities or other AA rated public sector deposit/ investment funds.
 - The Debt Management Agency of HM Government
- 3.3 The Council’s current investments are:
- Unity trust Bank – Day to day accounts.
 - TSB – Day to day account & Savings Accounts.
 - Santander – Savings Account.
 - Insignis Cash Solutions – Savings Accounts.
 - CCLA – The Public Sector Deposit Fund (pooled).

4. **NON-SPECIFIED INVESTMENTS**

- 4.1 Any investment not meeting the definition of a specified investment is classed as non-specified.
- 4.2 Non-specified investments will therefore be limited to long-term investments i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies or schemes not meeting the definition on high credit quality. These investments have greater potential risk – examples include investment in the money market, stock and shares.
- 4.3 Capital growth of the fund should be considered and equal to RPI whilst being consistent with other priorities.
- 4.4 The Council’s exposure to this type of investment is:
- CCLA – The Local Authorities Property Fund (pooled)

5. **LIQUIDITY OF INVESTMENTS**

- 5.1 The Finance Asset & Resources Committee will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 5.2 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.

6. **LONG TERM INVESTMENTS**

- 6.1 Long term investments are defined in the Guidance as greater than 36 months.
- 6.2 When investing in corporate bonds and/or government bonds the credit rating alone is not sufficient to make an investment it needs to be reviewed within the context of the wider financial economic information available and advice.
- 6.3 The Council **does not currently** hold any funds in long term investments. Such investments will only be made having sought advice where appropriate from Independent Financial Advisors or the Treasury Management Team at Shropshire Council.

7. **REPORTING ON INVESTMENT PERFORMANCE**

- 7.1 Investment performance statements will be circulated half – yearly to the Finance, Asset & resources Committee.
- 7.2 The Council will ensure that the Committee and RFO have sufficient training to underpin their responsibility to scrutinise this treasury management function.
- 7.3 Investment forecasts for the coming year are accounted for when budgets are prepared. At the end of the financial year the RFO will report on investment activity to the Full Council.

8 **REVIEW AND AMENDMENT OF REGULATIONS**

- 8.1 This Strategy will be reviewed annually.
- 8.2 The annual strategy for the coming year will be prepared by the RFO and presented for approval by the Finance, Asset & Resources Committee before being adopted by Full Council.
- 8.2 The committee reserves the right to make variations to the Strategy at any time subject to the approval of Full Council. Any variations will be made available to the public.

9. **FREEDOM OF INFORMATION**

- 9.1 In accordance with the Freedom of Information Act 2000 this document will be posted on the Council's website.