



## Ross-on-Wye Town Council

### Annual Investment Strategy

#### 1. OVERVIEW

This document gives guidance on borrowing and investments by Ross-on-Wye Town Council in accordance with 'the Local Government Act 2003'. It highlights that the Council is committed to Treasury Management to ensure that:

- Capital expenditure plans are affordable
- All external borrowing and other long-term liabilities are within prudent and sustainable levels, and
- 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'.*

#### 2. INVESTMENT STRATEGY

##### 2.1. Introduction

The Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

This Strategy complies with the revised requirements set out in the Department for Communities and Local Government's (formerly the Office of the Deputy Prime Minister) Guidance on Local Government Investments and Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes and takes account of the Section 15(1)(a) of the Local Government Act 2003.

## 2.2. Investment Objectives

In accordance with Section 15(1) of the 2003 Act, the Council will have regard to

- such guidance as the Secretary of State may issue, and
- other guidance as the Secretary of State may by regulations specify.

The Council's investment priorities are the security of reserves and liquidity of its investments.

The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

All investments will be made in sterling.

The Department for Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Council will not engage in such activity.

Where external investment managers are used, they will be contractually required to comply with the Strategy.

Local councils with an annual budget of less than 500,000 euros are covered by the Financial Services Compensation Scheme (FSCS). The limit of cover is £75,000. The Council will check directly with the FSCS to make sure that a particular course of action is covered and this will be a material consideration in the decision making process. The Council will endeavor to spread its investments in such a way to reduce exposure to this limit as and when appropriate.

## 2.3. Specified Investments

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 or parish council will automatically be Specified Investments.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Ross-on-Wye Town Council will use:

- Deposits with banks, building societies, local authorities or other public authorities
- The debt management agency of HM Government

Current investment is with Santander with two interest bearing accounts at a variable rate.

## 2.4. Non-Specified Investments

These investments have greater potential risk – examples include investment in the money market, stocks and shares.

Given the unpredictability and uncertainties surrounding such investments, Ross-on-Wye Town Council will not use this type of investment.

## 2.5. Liquidity of Investments

The Responsible Financial Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

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 investor.

## 2.6. Long Term Investments

Long term investments are defined in the Guidance as greater than 36 months.

There is a possibility the Town Council might consider entering into long term investments in future years once a full costed and budgeted plan has been drawn up.

## 2.7. End of Year Investment Report

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

## 3. EXTERNAL BORROWING STRATEGY

### 3.1. Introduction

The Council acknowledges the implications of borrowing funds and the financial impact on the Council and therefore takes this into consideration before incurring the community.