



Preesall Town Council

ANNUAL INVESTMENT STRATEGY 2021/2022

1. INTRODUCTION

1.1 Preesall Town Council (the Council) acknowledges the importance of prudently investing the surplus funds held on behalf of the community.

1.2 The Local Government Act 2003 states that a local authority may invest:

- For any purpose relevant to its functions under any enactment
- For the purpose of prudent management of its financial affairs.

1.3 This Strategy complies with the requirements set out in:

- The Department of Communities and Local Government Guidance on Local Government Investments
- Section 15 (1) (a) of the Local Government Act 2003
- Guidance within Governance and Accountability for Local Councils Practitioner's Guide.

1.4 The Council defines its treasury management activities as the management of the Council's investments, cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks.

2. POLICY

2.1 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.

2.2 The Council holds £154397 of invested funds as at April 2021 representing income received in advance of expenditure plus balances and reserves held. In the past 12 months the Council's investment balance has ranged between £112790 and £212402. Over the coming year investment balances are expected to range between £253314 and £112402.

3. INVESTMENT OBJECTIVES

3.1 In accordance with Section 15 (1)a of the Local Government Act 2003, the Council will have regard to:

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

3.2 Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security (protecting the capital sum from loss) and liquidity (ensuring funds are easily available/available when required) of its investments before seeking the highest rate of return/yield.

3.3 The Council's objective 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 commensurate with appropriate levels of security and liquidity.

3.4 The Council's investment priorities therefore are, in order of importance:

- the **security** of its reserves
- the adequate **liquidity** of its investments
- the **return** (yield) on investments.

3.5 All investments will be made in sterling.

3.6 The Department for 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.

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

3.8 It should be noted that call/notice accounts and term deposits are not secured on the bank's or building society's assets. These investments are subject to the risk of credit loss via a bail-in should the banking regulator determine that the institution is failing or likely to fail.

3.9 Investments will be spread over different providers in line with agreed limits in order to reduce risk.

3.10 The council will only invest with institutions deemed to be of 'high credit quality' (see 4.1 below).

3.11 Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made
- any existing investments that can be recalled or sold

3.12 The Council understands that credit ratings are good, but not perfect, predictors of investment default. No investments will be made with an organisation if there are doubts about its credit quality, even though it may meet credit rating criteria.

4. SPECIFIED INVESTMENTS

4.1 The CLG Guidance defines specified investments as those

- denominated in pound sterling
- due to be repaid within 12 months of arrangement
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government
 - a UK local authority, parish council or community council, or
 - a body or investment scheme of 'high credit quality'

4.2 Specified investments typically offer lower risk and higher liquidity. All investments made by the Council will be denominated in sterling and for no more than 12 months.

4.3 For the prudent management of its balances, including maintaining sufficient levels of security and liquidity, the Council will place deposits with banks, building societies and other public authorities/bodies.

4.4 The choice of institution and length of deposit will be at the discretion of the Finance Committee.

4.5 Day-to-day banking is with Unity Bank and Virgin Money.

4.6 The council's governance reserves are held with Hampshire Trust Bank.

5. NON-SPECIFIED INVESTMENTS

5.1 Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not hold any non-specified investments and non are planned for 2021/22.

6. LONG-TERM INVESTMENTS

6.1 Long-term investments are defined in the DCLG Investment Guidance as those due to be repaid more than 12 months from arrangement.

6.2 The Council does not currently hold any long-term investments, and it is envisaged none will be taken out during the financial year 2021/22.

7. END OF YEAR INVESTMENT REPORT

7.1 At the end of the financial year the Responsible Finance Officer will report on investment activity to the Finance Committee.

8. REVIEW AND AMENDMENT OF REGULATIONS

8.1 The Investment Strategy will be reviewed annually by Full Council.

8.2 The Council reserves the right to make variations to the Investment Strategy at any time as circumstances dictate. Any variations will be made available to the public.

Appendix A

1. At the end of the 2020/21 financial year PTC had £40623 in its HTB reserve account and £10001 in its HTB Easy Access account.
2. The precept of £98916 was paid on 5 April.
3. PTC is expected to have a minimum of £40,000 in general reserves for the next three years.
4. The current balances as at 31 March in each of the specified investments are:
Current Account VM: £86442.72
Current Account Unity: £17330.58
HTB bond reserve: £40623.44
HTB Easy Access: £10001.00
5. The council is currently in the process of transferring £50000.00 from its Virgin Money account to its Unity Bank account and £34000.00 from its Virgin Money account to its HTB Easy Access account. This will ensure that no more than £85000 is held in any one bank and that the council maximises its investment opportunities.

Agreed.....05 May 2021.....Mayor resolution

Signed.....*Alison May*..... RFO

