



Kingsteignton Town Council

Annual Investment Strategy and Risk Management

INTRODUCTION

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

The Town Council is required under Section 15(1) of the Local Government Act 2003 to have regard to such Guidance as is issued by the Secretary of State. The current statutory community and Local Government (CLG) Investments Guidance Note came into force on 1 April 2018.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf

The Guidance Note makes a distinction between investments that are:

- Specified Investments – High security and high liquidity
- Non-specified investments – Those with potentially greater risks and lower liquidity

This strategy is prepared regarding the above guidance and in accordance with the Town Council's financial Regulations (8. Loans and Investments and 17) Risk Assessment)

INVESTMENT OBJECTIVES

The Council's objective when investing money is to strike an appropriate balance between risk and return, May 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.

The Council's investment priorities are:

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

All investments will be made in sterling and any payments or repayments in respect of investment are 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, as agreed at a Full Council Meeting, they will be contractually required to comply with the Strategy. The Council does not currently employ in-house or external financial advisers.

SPECIFIED INVESTMENTS

Specified Investment are, in the Guidance Notes, 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 parish council will automatically be Specified Investments.

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, or other public authorities
- The debt management agency of HM Government

Current investment is with the Nat West and Lloyds Bank which is highly secure and investing Langridge Trust Funds with CCLA.

The Town Council will aim for FSCS protection where possible for future investments as a means of minimising risk.

NON-SPECIFIED INVESTMENTS

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

Given the unpredictability and uncertainties surrounding such investments, the Council should seek expert advice and be prudent.

It is recognised that the Town Council may consider placing funds on deposits protected by FSCS, including placing funds with institutions which do not have a high credit rating. This would mean that these are technically Non-Specified Investments. The Town Council would only consider doing so where FSCS protection applies to eliminate the associated investment risk.

LIQUIDITY OF INVESTMENTS

The Responsible Finance Officer (RFO) in consultation with the Finance Committee 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 counterparty.

LONG TERM INVESTMENTS

Long term investments are defined in the Guidance Notes as greater than 12 months and the Note requires that should any Council wish to invest for periods greater than 12 months, it



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must identify the procedures for monitoring, assessing, and mitigating the risk of loss of invested sums.

The Council does not currently hold any long-term investments.

END OF YEAR INVESTMENT REPORT

The Finance Officer will provide investment reports to the Finance Committee on a regular basis. Reports will provide details of all current investments monthly, highlight investments which are approaching maturity, and where investments are approaching maturity and require re-investment, give details of options. The scope for information regarding options must be specified by the Finance Committee.

REVIEW AND AMENDMENT OF REGULATIONS

This Investment Policy will be reviewed annually by the Finance Committee and approved by Full Council before the commencement of a new financial year.

The Council reserves the right to make variations to the Strategy at any time, subject to the approval of the Full Council. Any variations will be made available to the public.

FREEDOM OF INFORMATION

In accordance with the Freedom of Information Act 2000, this Document will be posted on the Council's Website www.kingsteignton.gov.uk

Mrs C J Lakin
Town Clerk
Kingsteignton Town Council

Approved:

Date of Review: March 2022

