



SAXMUNDHAM TOWN COUNCIL

INVESTMENT STRATEGY 2024-2025

Annual Approval: October 2024
Minute Item: 82/24TC



1. Introduction

- 1.1 This Investment Strategy has been created in accordance with the Local Government Act 2003.
- 1.2 Statutory guidance was issued by the Ministry of Housing, Communities and Local Government ('MHCLG') in 2018. The guidance applies to all local authorities in England providing their total investments exceed or are expected to exceed £100,000 at any time during the financial year.
- 1.3 For each financial year, a local authority should prepare at least one Investment Strategy.
- 1.3 The purpose of the Investment Strategy is to recognise the importance of prudently investing any temporary surplus funds and reserves held by the Town Council.
- 1.4 The Investment Strategy sets out the Town Council's objectives, practices and reporting arrangements for the effective management and control of treasury activities and associated risks.

2. Responsibilities

- 2.1 The Resources Committee, acting on advice from the Town Clerk as Responsible Financial Officer, shall be responsible for the following procedures and for highlighting any amendments necessary to ensure continual improvement.
- 2.2 The Town Clerk, as Responsible Financial Officer, shall be responsible for reviewing credit ratings of financial institutions in which the Town Council holds investments on a quarterly basis. Should the credit rating fall below levels specified in this policy, the Town Clerk shall consult the Resources Committee and take appropriate action.

3. Investment Objectives

- 3.1 When considering investment options, the priorities of the Resources Committee will be centred on:
 - security of reserves - protecting the capital sum from loss
 - liquidity of its investments - keeping the money readily available for expenditure when needed
 - return – depending on the investment options available at the time, and
 - where possible, consideration of ethical investment opportunities that seek to contribute positively to the environment taking into account yield.

4. Investment Types



- 4.1 For the prudent management of its treasury balances and to maintain sufficient levels of security and liquidity, the Resources Committee will use deposits with UK banks, UK building societies and other UK public authorities.
 - 4.2 Deposits shall be made in Sterling and mature within one year.
 - 4.3 The Town Council shall only use specified investments as defined by MHCLG guidance.
 - 4.4 The Town Council shall only invest with banks/building societies which it defines as 'High Credit Quality'. This being those with a credit rating of A with Moody's Investors Service or BBB with Standard and Poor's or Fitch Ratings.
 - 4.5 The Town Council may also invest in the CCLA Public Sector Deposit Fund subject to it maintaining a credit rating as required above.
- 5. Investment Liquidity**
- 5.1 Subject to retaining no less than three months' average working capital requirement in current and deposit accounts giving immediate access, the Resources Committee will determine the amounts and maximum period for which funds may be prudently invested so as not to compromise liquidity.
 - 5.2 Investments shall be placed with phased end dates to ensure multiple maturation dates.
- 6. Investment Diversification**
- 6.1 The Town Council shall seek to diversify investments with multiple financial institutions to ensure deposits are protected by the Financial Services Compensation Scheme.
 - 6.2 Deposits made by small local authorities with an annual budget up to EUR500,000 are currently protected by the scheme.
- 7. Long-term Investments**
- 7.1 Long-term investments are defined as greater than one year. Any such investment must be accompanied by procedures for monitoring, assessing and mitigating the risk of loss of invested sums.
 - 7.2 The Town Council does not current hold any funds in long-term investments and none are envisaged during the financial year 2024-2025.