

**Policy & Resources Committee**

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<b>Date:</b>	<b>12 February 2019</b>
<b>Title:</b>	<b>Investment Strategy</b>
<b>Contact Officer:</b>	<b>Graham Hunt, Town Clerk</b>

**Purpose of this Report**

1. To provide background to the review / renewal of the Investment Strategy.

**Background**

2. The Council is required to approve an Investment Strategy on an annual basis.
3. The Investment Strategy should set out what the Council intends to do with any surplus funds and is there to ensure that the Council invests prudently to achieve the optimum return, bearing in mind the security (safety) and liquidity (ease of access) of the funds invested. These requirements provide a basis to create clear treasury management objectives and to structure sound treasury management policies and practices.
4. Investment Strategies approved after 1 April 2018 must also be in line with the Government's 16 page "Statutory Guidance on Local Government Investments" which in particular includes much detail on the provision of loans (as attached at Appendix 1).
5. The Town Clerk has reviewed the new Guidance (and other guidance it refers to) and the Town Council is in conformance with it as follows:
  - a) Investments are either managed by recognised Investment Management companies (Rathbones) or are with recognised Investment providers (United Trust Bank / Lloyds Bank).
  - b) The investments provide benefit in terms of income (interest / dividends) which reduces precept needs.
  - c) The investments provide benefit in terms of Capital Growth at an appropriate risk level, reviewed annually.
  - d) Loans are made to benefit the community and all remain at Stage 1 of the IFRS 9 Expected Credit Loss Model i.e. at same level of risk as when loan was taken out with a current expectation that the loan will ultimately be repaid in full.
6. The Investment Strategy has been updated to refer to the Government's "Statutory Guidance on Local Government Investments". It is attached at Appendix 2.
7. The new Guidance also requires the Town Council to agree a loan limit. It is suggested in the strategy that the limit be 25% of the available funds for Capital Investment. At present the £175,000 on loan is less than 10% of the total available funds. A new Loan section has been included in the revised Investment Strategy.

**Recommendation:**

***It is recommended that:***

- i) The Investment Strategy presented be considered and approved for the next twelve months.***