

Thame Town Council

Investment Strategy

The Town Council acknowledges the importance of prudently investing surplus funds held on behalf of the community. All investments will be made in line with the Council's financial procedures and observations or advice received from the Council's internal and external auditors, supported as necessary by advice from the Council's financial advisors.

The Council will ensure it has adequate though not excessive cash resources, overdraft or standby facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its service objectives.

Investment Strategies approved after 1 April 2018 must also be in line with the Government's "Statutory Guidance on Local Government Investments" which in particular includes much detail on the provision of loans.

Investment Objectives

1. The Council's investment priorities are the security of reserves and adequate liquidity of its investments.
2. The Council will aim to maximise income from its investments commensurate with proper levels of security and liquidity.
3. The Council will seek to ensure that investment income is consistent one year to the next.
4. Where external investment managers are used, they will be contractually required to comply with this Strategy.
5. In balancing risk against return, this Council is careful to avoid risks than to maximise returns.

Specified Investments

Specified investments are those offering high security and high liquidity, made in sterling and maturation 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 prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Thame Town Council will use:

- Deposits with banks, building societies, local authorities or other public authorities.
- Other recognised funds specifically targeted at the Public Sector.
- The choice of institution and length of deposit will be at the discretion of the Responsible Financial Officer, in consultation with the Chairman of the Policy and Resources Committee.

Non Specified Investments

These investments have greater potential risk such as investments in the money market, stocks and shares. The Council will use the services of an appointed FSA accredited financial advisor on the investment of these funds. The choice of investment company will be reviewed within the first year of every new administration following an election or more frequently if the performance of the investments is not meeting the required objectives or at the RFO's discretion.

Long term investments, defined as greater than 36 months, will be used to support the 3-5 year Capital Programme which will be reviewed and agreed annually. Capital growth of the fund should be maximised but at least equal to RPI whilst being consistent with the required level of security and all other public investment criteria.

The Council will expect the Investment Manager to invest in a balanced portfolio that will yield a consistent income/growth year on year whilst having regard to the Council's objectives and security of its investments. The Investment Manager will be encouraged to consider social, ethical and/or environmental factors or criteria when selecting, retaining or disposing of assets.

Loans

The maximum that the Town Council will loan out at any one time is 25% of the total sum available for Capital Investment.

Loan exposure will be reported annually against the IFRS 9 Expected Credit Loss Model.

End of Year Investment Report

At the end of each financial year the Fund Manager will present a report on the investment activity to the Policy and Resources Committee.

Review and Amendment of Regulations

This Strategy will be reviewed annually by the Policy and Resources Committee. The Committee reserves the right to make variations to the Strategy at any time, subject to the approval of the Full Council.