Arlesey Town Council

ANNUAL INVESTMENT POLICY 2021/22

1. Introduction

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

1.2 The Local Government Act 2003, section 15(1), which requires a local authority " to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify. This investment policy complies with the DCLG's Guidance on Local Government Investments 2010.

2. Investment Objectives

2.1 In accordance with Section 15(1) of the 2003 Act, the Council will have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify.

2.2 The Council's investment priorities are the security of reserves and liquidity of its investments.

2.3 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

2.4 All investments will be made in sterling, using only deposit or bond accounts covered by the Financial Services Compensation Scheme and sums invested will be kept within the sum guaranteed by the FSCS.

2.5 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. The Council will refer to CIPFA Prudential Code for Capital Finance in Local Authorities (2009) when considering the investment of monies borrowed in advance of need.

2.6 Where external treasury management advisers are used, they will be contractually required to comply with this Policy and their engagement will only be approved by Council following a review of CIPFA guidance 'Treasury Management Advisors — Regulation and Services' March 2010.

2.7 The Council will consider credit ratings as part of its credit risk management process and will review these ratings at 6 monthly intervals.

2.8 The Council will also consult its NALC County Association Adviser on the development of any credit risks known to them prior to authorising investments.

2.9 The Council will review and respond to the investment management training needs of its RFO to ensure that the post holder is appropriately equipped to advise the Council on relevant matters.

3. Specified Investments

3.1 Specified Investments are 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 or parish council will automatically be Specified Investments.

3.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Arlesey Town Council will use:

- Deposits with UK banks & building societies that are authorised and regulated by the Prudential Regulation Authority (PRA), or local authorities or other public authorities that are managed through the HM Treasurer's UK Debt Management Office, and are

- guaranteed by the Financial Services Compensation Scheme (FSCS) with funds deposited being kept within the specified guaranteed sum (currently £85,000).

3.3 Currently investments are held with: Unity Trust bank, Hampshire Trust – 90 day Business Notice Account, Barclays Bank Premium Business Account and Nationwide Building Society, which provide a secure rate of interest. The Town Clerk is to ~~investigate other accounts to spread investment risk and~~ monitor to optimize interest earned.

4. Non-Specified Investments

4.1 These investments have greater potential risk — examples include investment in the money market, stocks and shares.

4.2 Given the unpredictability and uncertainties surrounding such investments, Arlesey Town Council will not use this type of investment.

5. Liquidity of Investments

5.1 The Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity and will seek the approval of the Finance & General Purposes Committee prior to the re-investment of funds upon maturity.

5.2 Investments will be regarded as commencing on the date the commitment to invest is entered into, rather that the date on which the funds are paid over to the counter party.

6. Long Term Investments

6.1 Long-term investments are considered by the Council as any investment other than (a) one which is due to be repaid within 12 months of the date on which the investment was made or (b) one which the local authority may require to be repaid within that period.

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

6.3 No long term investments (12 months +) are envisaged during the financial year 2021/22.

7. End of Year Investment Report

7.1 Investment forecasts for the coming financial year were accounted for when the budget was prepared. At the end of the financial year, the Responsible Finance Officer will report on investment activity to the Finance & General Purposes Committee.

8. Review and Amendment of Regulations

8.1 This Policy will be reviewed annually for the coming financial year, will be prepared by the Responsible Finance Officer and presented for approval at the Finance & General Purposes Meeting or Full Town Council. The Council's Finance & General Purposes Committee last reviewed this document on: 18th February 2020.

8.2 The Council reserves the right to make variations to the Policy at any time. Any variations will be made available to the public. The Council approved changes to and re-adopted the policy on: 16th February 2021.

Investment Policy prepared by: Janet Bailey - Clerk and RFO to Arlesey Town Council.