**Whitworth Town Council**

**Annual Investment Strategy 2020/2021**

1. **Introduction**

1.1 Whitworth Town Council (the Council) acknowledges the importance of prudently investing the surplus funds held on behalf of the community.

1.2 The Local Government Act 2003 states that a local authority may invest:

• For any purpose relevant to its functions under any enactment

• For the purpose of prudent management of its financial affairs.

1.3 This Strategy complies with the requirements set out in:

• The Department of Communities and Local Government Guidance on Local Government Investments

• Section 15 (1) (a) of the Local Government Act 2003

• Guidance within Governance and Accountability for Local Councils Practitioner’s Guide.

This guidance applies to parish councils, subject to the following:

(a) Where the parish council or charter trustee expects its investments at any time during a financial year to exceed £500,000, the guidance should apply in relation to that year.

(b) Where the parish council or charter trustee expects its investments at any time during a financial year to exceed £10,000 but not £500,000, it should decide on the extent, if any, to which it would be reasonable to have regard to the guidance in relation to that year.

(c) Where the parish council or charter trustee expects its investments at any time during a financial year not to exceed £10,000, no part of this guidance need be treated as applying in relation to that year.

1.4 The Council defines its treasury management activities as the management of the Council’s investments, cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value

2. **Policy**

2.1 This strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council’s treasury management activities and the associated risks.

2.2 The Council holds £**250,000** of invested funds as at **March 2020** representing income received in advance of expenditure plus balances and reserves held**. In the past 12 months the Council’s investment balance has stayed the same. Over the coming year investment balances are expected to increase upon the completion of the sale of the lodge building with investment balances expected of around £440,000 and current account balances of around £19,000. In October 2020 we will receive the second half of our precept which will take current account balances temporarily to 50,000 and total balances to around £490,000.**

3. **Investment Objectives**

3.1 In accordance with Section 15 (1)a of the Local Government Act 2003, the Council will have regard to:

• such guidance as the Secretary of State may issue, and

• such other guidance as the Secretary of State may by regulations specify.

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3.2 Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security (protecting the capital sum from loss) and liquidity (ensuring funds are easily available/available when required) of its investments before seeking the highest rate of return/yield.

3.3 The Council’s objective when investing money is to strike an appropriate balance between risk and return, minimising 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.

3.4 The Council’s investment priorities therefore are, in order of importance:

• the security of its reserves

• the adequate liquidity of its investments

• the return (yield) on investments.

3.5 All investments will be made in sterling.

3.6 The Department for Communities and Local Government maintains the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.

3.7 Where external investment managers are used they will be contractually required to comply with the Strategy. The Council should use external advisors to offer information, advice or assistance relating to investment.

3.8 It should be noted that call/notice accounts and term deposits are not secured on the bank’s or building society’s assets. These investments are subject to the risk of credit loss via a bail-in should the banking regulator determine that the institution is failing or likely to fail.

3.9 Investments will be spread over different providers in line with agreed limits in order to reduce risk.

3.10 The council will only invest with institutions deemed to be of ‘high credit quality’ (see 4.1 below).

3.11 Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then: • no new investments will be made

• any existing investments that can be recalled or sold

3.12 The Council understands that credit ratings are good, but not perfect, predictors of investment default. No investments will be made with an organisation if there are doubts about its credit quality, even though it may meet credit rating criteria.

4. **Specified Investments**

4.1 The CLG Guidance defines specified investments as those

• denominated in pound sterling

• due to be repaid within 12 months of arrangement

• not defined as capital expenditure by legislation, and

• invested with one of: the UK Government a UK local authority, parish council or community council, or a body or investment scheme of ‘high credit quality’

**4.2 Specified investments typically offer lower risk and higher liquidity. All investments made by the Council will be denominated in sterling and for no more than 12 months.**

4.3 For the prudent management of its balances, including maintaining sufficient levels of security and liquidity, the Council will place deposits with banks, building societies and other public authorities/bodies.

4.4 The choice of institution and length of deposit will be at the discretion of the Finance Monitoring Committee.

4.5 Day-to-day banking will remain with Unity Trust Bank.

4.6 At the end of the 2019/20 financial year, 31 March 2020 the current balances of the specified investments are:

**Current Account: £ 15,748.25 0.00%**

**Reserve Account: £ 0.09 0.00%**

**Business Deposit Account: £ 3,381.19 0.00%**

**CCLA Public Sector Deposit Fund: £25,000 0.4025% (see appendix PSDF factsheet)**

5. **Non-Specified Investments**

5.1 Any investment not meeting the definition of a specified investment is classed as no specified. The Council does not hold any non-specified investments and non are planned for **2020/21**.

6**. Long-Term Investments**

6.1 Long-term investments are defined in the DCLG Investment Guidance as those due to be repaid more than 12 months from arrangement.

6.2At the end of the 2019/20 financial year, 31 March 2020 the council holds a long term investment with CCLA’s Local Authority Property Fund. **Local Authority Property Fund: £225,000 4.41% (see appendix LAPF factsheet).** Committee members have been invited to training to understand this property fund better on 3rd June 2020 or 10th June 2020.

7. **End Of Year Investment Report**

7.1 At the end of the financial year the Responsible Finance Officer will report on investment activity to the Finance Monitoring Committee.

7.2 During the compilation of this report the Finance Monitoring Committee should address the needs of the authority’s responsible financial officer for training in investment management. Even where significant reliance is placed upon external advisers, in-house expertise will still be needed to develop the proper kind of working relationship with them. Elected Members involved in the scrutiny of treasury management issues will avail themselves of relevant training wherever possible. Further guidance on training issues is given in the CIPFA Treasury Management Code.

8. **Review And Amendment Of Regulations**

8.1 The Investment Strategy will be reviewed annually by Full Council before the start of each financial year.

8.2 The Council reserves the right to make variations to the Investment Strategy at any time as circumstances dictate. Any variations will be made available to the public by publication on the website and by free printed copies if necessary.

Appendix A

1. At the end of the 2019/20 financial year, 31 March 2020 the current balances of the specified investments are:

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**CCLA Public Sector Deposit Fund: £25,000 0.4025% (see appendix PSDF factsheet)**

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**Local Authority Property Fund: £225,000 4.41% (see appendix LAPF factsheet)**

1. The precept was paid in two instalments from the Borough Council. These instalments were of **£30,139 on 03/05/19 and £30,139 on 04/10/19**.
2. WTC is expected to have a minimum of **£19,000** in general reserves for the next financial year.
3. WTC are expecting a lump sum of around £190,000 (after agent and legal fees) after the sale of the lodge has gone through which is likely to happen this financial year.