

FAKENHAM TOWN COUNCIL

INVESTMENT STRATEGY 2022-2023

1. INTRODUCTION

Fakenham Town Council (the Council) acknowledges the importance of prudently investing temporary surplus funds held on behalf of the community as part of its fiduciary duty.

This Strategy complies with the revised requirements set out in the Department of Communities and Local Government *Guidance on Local Government Investments* and takes into account Section 15(1)(a) of the Local Government Act 2003 and guidance within Governance and Accountability for Local Councils *Practitioner's Guide 2018*.

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.

The Council defines its financial management responsibilities as:

- Responsible management of cash flow, banking and money transactions.
- Effective control of associated risks.
- Best value performance consistent with those risks.

2. POLICY

The investment strategy establishes objectives, practices and reporting arrangements for the effective management and control of the Councils financial management activities and associated risks in conjunction with its Financial Regulations.

3. INVESTMENT OBJECTIVES

The Council's investment priorities are SECURITY – LIQUIDITY – YIELD

Council aims to achieve the optimum return on investments in line with appropriate levels of security and liquidity.

- Investments will be made in sterling.
- The borrowing of money to invest or lend to make a return is unlawful and the Council will not engage in such activity.
- The Council will monitor investment risks by regular review and reference to credit ratings.
- Investments will be spread over different providers and limited to institutions of high credit rating to minimise risk.

4. SPECIFIED INVESTMENTS

Specified investments are those offering high security, high liquidity, made in sterling and with a maturity of no more than a year. The Council will ensure Treasury Management Advisors are aware of the different context for Councils.

Investments with the UK Government, a local authority, town or parish council are Specified Investments.

For the prudent management of its finances, maintaining sufficient levels of security and liquidity, Fakenham Town Council will use:

- Deposits with banks, building societies, local authorities or other public authorities
- Other approved public sector investment funds.

The choice of institution and length of deposit will be initially considered by the Finance Committee for recommendation to the Council.

5. NON SPECIFIED INVESTMENTS

These investments which include money markets, stocks and shares, with greater potential risks, will not be used by the Council.

6. LIQUIDITY OF INVESTMENTS

The investment terms by which funds may be prudently committed, without compromising liquidity, will be assessed initially by the Finance Committee for recommendation to full Council.

Investments will be regarded as commencing on the date of commitment rather than the date on which funds are paid over to the counterparty.

7. LONG TERM INVESTMENTS

Long term investments are defined in the Guidance as greater than 12 months. The Council does not currently hold any funds in long term investments.

8. INVESTMENT STRATEGY 2021-22

The Council will aim to invest as much of its surplus cash assets as possible in low risk products in order to achieve investment objectives.

- Cash assets are deposited with Barclays Bank plc.
- Active Saver account interest rate currently 0.3%

9. END OF YEAR INVESTMENT REPORT

At the end of the financial year, the Finance Committee will report on the investment activity to the Council.

10. REVIEW AND AMENDMENT OF REGULATIONS

The Annual Investment Strategy must be reviewed annually and revised if considered necessary. The Council reserves the right to vary the Investment Strategy subject to the approval of the Council. Any variations will be made available to the public.

11. FREEDOM OF INFORMATION

In accordance with the Freedom of Information Act 2000, the Council's Investment Strategy will be published on the Town Council's website www.fakenhamtowncouncil.org.uk and available as hard copy from the Town Council Offices.

Fakenham Town Council Investment Strategy Approved by Full Council – 18th January 2022