The Guildhall
Hadleigh
Suffolk
IP7 5DN
01473 823884

Investment Strategy

1. Introduction

1.1 Section 15(1)(9) of the LGA 2003 (3rd edition) states that where the council has over £100,000 in investments, it should have an investment strategy in place. This strategy provides firstly and overarching framework and secondly an implementation plan.

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

1.3 When making and managing investments the council is bound by Local Government Act 2003 and in accordance with section 15 (1) of the 2003 Act, the council will have regard to;

a) such guidance as the Secretary of State may issue
b) such other guidance as the Secretary of State may by regulations specify.

1.4 The borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Council will not engage in such activity.

2. Investment Objectives

2.1 The Town Council shall apply three criteria when assessing what investments it may wish to make. In priority order these are:

a) Security – protecting the capital sum invested from loss
b) Liquidity – ensuring the funds invested are available for expenditure when needed
c) Return – obtaining the maximum return on its investments.

However, the council should consider the balance between the three criteria and its risk appetite at the time of investment.

2.2 The Town Council will actively investigate socially and environmentally responsible investment options.

2.3 A "specified investment" is one which is made in sterling and any payments or repayments are payable only in sterling. The investment is not a long-term investment and the council therefore has a contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option. The making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2033 [as amended]. Generally, a specified investment offers high security and high liquidity. All investments made by Hadleigh Town Council will be in sterling.

2.4 The Council will use deposit and investment accounts with UK Regulated banks and building societies only.

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2.5 Unspecified investments such as in the money market; stocks and shares, are considered unpredictable and given the uncertainty surrounding such investments, the Council will not use this type of investment.

3. Liquidity of Investments

3.1 The Responsible Finance Officer (RFO) in consultation with the Town Council will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

3.2 Whilst the council may invest in short- or long-term products, it shall maintain high levels of liquidity and seek investments generally for a period of up to 12 months (short term investments).

3.3 The RFO in consultation with the Town Council shall have the delegated power to invest in short term investments which shall then be reported to the next full Council meeting.

3.4 When the council has healthy levels of reserves, long term investments (defined as greater than 12 months) may be considered by Full Council if they offer attractive rates of return with financial institutions that hold good credit ratings. The RFO in consultation with the Town Council shall require full Council approval before entering into any long-term investments.

3.5 Not less than £60,000 (to allow a 1/3 uplift on cover of the average monthly net expenditure) shall be available in the current account at any one time.

4. Strategic Implementation Plan

4.1 This Investment Strategy provides an overarching framework in respect of the Town Council's approach to Treasury Management. A Strategic Implementation Plan shall be prepared annually to provide a summary of investments and commentary on key investment considerations and decisions for the forthcoming year.

4.2 The implementation plan shall consider the approach to risk management for the forthcoming year and cash and cashflow management.

5. Revision and Review

5.1 The Investment Strategy will be reviewed at least once every two years at a Full Council meeting.

5.2 Full Council can make revisions to the strategy at any time.

5.3 The Strategic Investment Implementation Plan shall be revised and reviewed at least annually.

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