



# PORTISHEAD TOWN COUNCIL

## INVESTMENT POLICY

### 1 Introduction

- 1.1 The strategy has been produced and complies with the guidance issued by the Secretary of State under section 15 (1) (a) of the Local Government Act 2003 and guidance notes produced by the Department for Communities and Local Government (DCLG) in March 2010.
- 1.2 Portishead Town Council acknowledges its responsibility to the community and the importance of prudently investing the temporary surplus funds held on behalf of the community.
- 1.3 An Investment Working Party will be appointed at the Town Council's Statutory Annual Meeting and will be made up of no less than 3 members. The remit of the Investment Working Party is to ensure the Town Council meets the Investment Policy objectives.

### 2 Objectives

- 2.1 The general policy objective for this Council is prudent investment of its balances. The Council's investment priorities are in line with the widely recognised investment policy sometimes informally and memorably expressed as **SLY**, **Security – Liquidity – Yield** :-
  - 2.1.1 the **security** of its reserves and
  - 2.1.2 the **liquidity** of its investments and
  - 2.1.3 the **yield** of its investments.
- 2.2 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

### 3 Policies

- 3.1 All the Town Council's investments will be Specified Investments which are those offering high security and high liquidity. This means that:-
  - 3.1.1 All investments will be made in sterling and any payments or repayments will also be made in sterling.
  - 3.1.2 All investments will be with UK based banks and building societies.
  - 3.1.3 All investments will be limited to a maximum of £200,000 and will be reviewed annually,
  - 3.1.4 All investments must be for a period of 12 months or less,
  - 3.1.5 All investments will be made with a body or investment scheme (including a Money Market Fund) which has been awarded a high credit rating by a \*credit rating agency. (A high credit rating will be defined as 'A' 'High Credit Quality'.)

\*A credit rating agency is defined in the guidance as one of the following three companies; Standard and Poor's; Moody's Investors Services Ltd; Fitch Ratings Ltd.

3.2 Credit Ratings will be monitored prior to the scheduled Staffing and Finance Committee Meetings. If the credit rating falls during that period, the Town Clerk, in consultation with the Town Council Chairman and Chairman of Staffing and Finance, will decide on the appropriate action.

3.3 For prudent management of its balances, the Town Council, in order to maintain sufficient levels of security and liquidity, will adopt a policy whereby surplus funds can be invested on short term deposit with one or more UK banks and/or building societies (including Channel Island branches of such UK banks or building societies) and/or Money Market Funds.

3.4 DCLG maintain that borrowing of monies purely to invest, or to lend and make a return is unlawful and the Town Council will not engage in such activity.

#### **4 Review and Amendment of the strategy**

4.1 The Staffing and Finance Committee will review this strategy annually for approval by the Full Council when annual estimates are being considered.

4.2 At each meeting of the Staffing and Finance Committee the Town Clerk will provide a report on investment activity.

4.3 The Staffing and Finance Committee may recommend variations of the strategy for approval by the Full Council in accordance with the guidance from the Secretary of State.

4.4 The Investment Working Party will consider the placement of the Town Council's deposits one month before any bond matures and report to the Staffing and Finance at their next meeting.

***Reviewed and adopted by Town Council 17.3.2021***