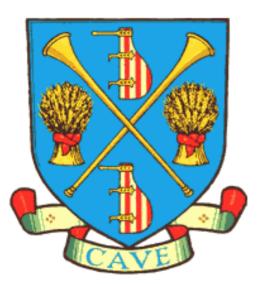
## **INVESTMENT POLICY**

# WARE TOWN COUNCIL





## What's in the Policy:

This policy provides details of the

- Legislative/ Regulatory Framework
- Role of the Responsible Financial Officer
- Reporting Framework

Adopted

5<sup>th</sup> June 2023

Review

June 2026

#### **Investment Policy of Ware Town Council**

#### 1. INTRODUCTION

- 1.1 This policy sets out the treasury management procedures for the monitoring of the cash flow and banking arrangements of Ware Town Council.
- 1.2 Authority reference is to the Council's Financial Regulations.
- 1.3 The Local Government Act 2003 Section 12 provides the power to invest:
- a. for any purpose relevant to its functions under any enactment or
- b. for the purpose of the prudent management of its financial affairs.

Section 15(1) of the Act requires a local authority to have regard:

- a. to such guidance as the Secretary of State may issue (Statutory Guidance on Local Government Investments 3rd Edition effective 1st April 2018), and
- b. to such other guidance as the Secretary of State may by regulations specify for the purposes of this provision.
- 1.4 The Council acknowledges its duty of care to the community and the prudent investment of funds.

#### 2. OBJECTIVES

- 2.1 The Council's priorities are, in the following ranking order:
- (i) The security of capital to minimise the risk of losses
- (ii) The liquidity of investments to meet the cash flow needs of the Council
- (iii) Maximising income/capital growth from the investment.
- 2.2 The Council will aim to achieve a high rate of return on investments commensurate with adequate safeguards of security and liquidity.
- 2.3 The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality based on information from credit rating agencies (as defined).
- 2.4 Investments will be spread over different providers where appropriate to minimise risk.

#### 3. INVESTMENTS

#### **Definition of an Investment**

3.1 The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

#### **Investment Objectives**

3.2 This Investment Strategy has the following objectives in priority order: • Security – protecting the capital sum invested from loss • Liquidity – ensuring the funds invested are available for expenditure when needed • Yield – income return on the investment.

#### **Investment Policy of Ware Town Council**

#### **Specified Investments**

- 3.3 Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government or a Local Authority (as defined) or a Town/Parish Council will automatically be Specified Investments.
- 3.4 The Council, for prudent management of its treasury balances may use Treasury Deposits with UK clearing banks Local Authorities or other Public Authorities approved public sector investment funds.
- 3.5 The choice of institution and length of deposit will be managed by the RFO and reported in the Management Accounts and at Finance & Policy meetings.
- 3.6 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

#### **Non-Specified Investments**

3.7 A non-specified investment are non-financial assets that the organisation holds primarily or partially to generate a profit. Where a local authority holds a non-financial investment, it will normally be a physical asset that can be realised to recoup the capital invested.

#### **Liquidity of Investments**

- 3.8 The Responsible Financial Officer (RFO) will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 3.9 Investments will be regarded as commencing on the date the commitment to invest is entered into rather than the date on which the funds are paid over to the counterparty.

#### **Mid Term Investments**

3.10 Mid Term Investments are defined in the Guidance as greater than 12 months but less than 36 months.

#### **Long Term Investments**

3.11 Long Term Investments are defined in the Guidance as greater than 36 months.

#### 4. REPORTING

4.1 The management of this policy will be by the RFO and reported in the Management Accounts and the Finance and Policy meetings.

#### 5. REVIEW

5.1 This policy will be reviewed by the Council every three years.

### **Investment Policy of Ware Town Council**

#### 6. PUBLICATION

6.1 A copy of this policy will be made available on the Council's website. This policy was adopted by Ware Town Council on the 5th June 2023.