

Hythe Town Council

Annual Investment Strategy 2023-24

Hythe Town Council acknowledges the importance of prudently investing all funds held on behalf of the community by the council.

The Town Council Investment Strategy complies (as appropriate) with the revised Department of Communities and Local Government (3rd Edition) effective 1 April 2018.

Investments under £10,000 are not subject to the guidance but for investments between £10,000 and £100,000, the council is required to make a formal decision on the extent to which it would be reasonable to adopt the guidance either in part or in full. When making investments over £100,000 the council is required to adopt the guidance in full and to put an investment strategy in place.

Strategy

The council has adopted the Secretary of State's Guidance in full.

In accordance with section 15 (1) of the Local Government Act 2003, the council will, therefore, have regard (a) to such guidance as the Secretary of State may issue and (b) to such other guidance as the Secretary of State may by regulations specify.

The council's investment priorities are the security of reserves and the liquidity of its investments.

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

All investments will be made in sterling.

The Department for Communities and Local Government maintains that borrowing of monies purely to invest or to lend and make a return is unlawful and this council will not engage in this activity.

The council will monitor the risk of loss on investments by periodically reviewing credit ratings and will only invest in institutions with high credit quality. Any reduction in credit rating will be reported to the council, and, if necessary, the proper officer will take appropriate action within delegated powers to protect council assets.

If an external investment manager is used, they will be contractually required to comply with the strategy.

The council's Responsible Financial Officer (RFO) or Finance and Project Officer will attend the Kent Association of Local Councils (KALC) annual finance conference to remain up to date with financial regulations and requirements.

Specified Investments

Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than 12 months. Such short-term investments

made with a body or investment scheme of high quality (including the UK Government or local authority) will automatically be specified investments. The council will only invest in situations with a minimum 'A' rating from approved credit rating organisations. And will aim to spread its capital assets amongst a range of appropriate institutions.

For the prudent management of its funds, maintaining sufficient levels of security and liquidity, the council will use;

Deposits with banks, building societies, UK Government, or local authorities.

Non-Specified Investments

These investments have greater potential risk – examples include investment in the money market, stocks, and shares – and professional investment advice may be required.

Given the unpredictability and uncertainties surrounding such investments, the council will not use this type of investment.

Liquidity Investments

The Finance and Project Officer and RFO will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

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

Long Term Investments

All investments by local councils, other than in interest-bearing bank and building society accounts, must be identified as long-term investments and treated as capital expenditure. Investments in longer-term funds (in excess of 12 months) are by definition long-term investments and, thus deemed to be capital expenditures. Any investments in longer-term funds should not exceed the surplus of cash balances above the town council's annual budgeted expenditure reduced by the annual precept.

The council does not currently hold any long-term investments and no long-term investments are currently envisaged.

Non-Financial Investments

Non-Financial assets are physical assets that a local council holds primarily or partially to generate a profit. Normally, the local council will have a physical asset that can be realised to recoup the capital invested in it. In such cases, the local council should periodically review whether the asset retains sufficient value to provide security of investment. Whereby such value is no longer sufficient to provide security against financial loss, the council must consider and publish details of mitigating actions that are being taken to protect invested capital.

The council does not currently hold any non-financial investments and no non-financial investments are currently envisaged.

Investment Report

Investment forecasts for the forthcoming financial year are accounted for when the annual budget is prepared. Investments will be reviewed annually following a report from the Finance and Project Officer to the Finance and General Purposes Committee.

Review and Amendment of Regulations;

The council's Investment strategy will be reviewed annually and at other times necessary. The annual strategy for the financial year will be prepared by the Finance and Project Officer and presented to the full council.

Publication:

The investment strategy will be published and available in hard copy and on the town council's website.

2023-24 Plan;

Funds not required for immediate use will be invested in;

- NatWest Liquidity 95-Day Notice Account
- NatWest Liquidity 30-Day Notice Account
- Triodos 33 Days' Notice Account
- Nationwide Business Instant Saver Account
- Cambridge & Counties 95-Day Notice Account
- The Cambridge Building Society Council Saver Account
- National Savings Investment Account ending 342
- National Savings Investment Accounting ending 803

Interest rates vary from day to day but are competitive with other providers and this spread assists in achieving a greater level of security in accordance with the Financial Services Compensation Scheme.

The Town Council and Proper Officer (Town Clerk/RFO) will review the situation on a regular basis as set out above and take action as appropriate to deal with any changes in circumstances.

The council will consider the borrowing of monies during the 2023-24 financial year, if required, for the delivery of any proposed project, subject to first having considered all available options for financing a project and subject to public notification. In such

an instance, as the Town Council proceeds with the borrowing of monies, this investment plan will be amended accordingly to include relevant details and associated plans to mitigate any financial risk in engaging in such borrowing.

Given the limited availability/ accessibility of High Street banking facilities and the current low level of interest rates, it is not anticipated that the use of private sector financial management advisors would benefit the council.

Officers responsible for dealing with financial management will attend conferences/training as offered by KALC and other appropriate bodies.