



Penrith Town Council

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INVESTMENT STRATEGY

PURPOSE

The Town Council invests reserves and surplus funds which are not immediately required to meet expenditure.

This strategy provides a framework for the secure and prudent investment of those monies and adopts the relevant principles of statutory guidance issued under the Local Government Act 2003 and of CIPFA codes of practice.

INVESTMENT OBJECTIVES

The Council invests monies for treasury management purposes.

Its priorities in investing surplus funds are:

- **Security** (protecting the investment from loss);
- **Liquidity** (ensuring the money is available for expenditure when needed); and, providing the above objectives have been met,
- Obtaining the best **Yield**.

Investment opportunities are assessed in terms of these objectives; the Council aims to obtain the best possible return commensurate with proper levels of security and liquidity.

TYPES OF INVESTMENT

The Council will not invest in non-financial assets such as commercial property.

The Council will only place funds in specified investments, as defined by the Secretary of State, which offer high security and high liquidity. These investments are made in the Council's name and are:

- made in sterling;
- have a maturity of no more than one year; and
- with a counterparty which is the UK Government, a local authority or a body of high credit quality.

The Council does not intend to use non-specified investments (ie those which do not meet these criteria) as these are generally considered to be of higher risk and would require specialist advice.

RISK ASSESSMENT

The Council's investments no longer qualify for the Financial Services Compensation Scheme up to £85,000; however, this is considered to be an acceptable limit for investments in organisations of good credit quality. Larger amounts can be invested with organisations of high credit quality.

The Council does not employ external treasury advisors or subscribe to a credit rating agency. It bases its assessment of the risk attaching to potential investments with counterparties on their publicly available information, organisational structure and asset size.

The Council will also have regard to the amount of funds placed with a single institution.

APPROVED COUNTERPARTIES

The following counterparties are approved for the investment of surplus funds by the Council, with a duration of no longer than twelve months:

- HM Government and its agencies
- Local Authorities
- UK Clearing Banks
- Building Societies with an asset base in excess of £1,000 million or smaller societies where there are strategic or local considerations, limited to a principal investment of £85,000 with a single society
- UK FCA regulated qualifying money market funds with an AAA rating (Fitch credit rating).

TREASURY MANAGEMENT RESPONSIBILITIES

All new investments are made in the name of Penrith Town Council and will be approved by Full Council, having taken advice from the Responsible Financial Officer, who has knowledge and experience of the CIPFA codes of practice.

Any transfer of monies between bank accounts shall be made by any combination of two officers of the Council -the RFO, Services and Contracts Manager, the Town Clerk, the Deputy Town Clerk and in the absence of one, by a designated Councillor pre-approved by the Full Council. Investment activities are reported to the Finance Committee to be noted.

Members of the Committee are suitably experienced and understand the nature of investment risks. Where necessary, their knowledge will be supplemented by formal or informal training.

ACTIVITIES FOR NEXT 12 MONTHS

The Town Council plans to maintain its investments in the Penrith Building Society. As it receives its full annual precept income early in the financial year, it will have surplus funds for most of the year and these will be invested in the CCLA Public Sector Deposit Fund until needed. As the Council does not have a long history of managing its cash

flow actively, it will adopt a cautious approach to investing surplus monies to ensure that its bank account balance is always sufficient to meet short-term requirements.

REVIEW

This strategy will be subject to annual review in advance of each financial year.

APPROVED: 2019

LAST REVIEW: January 2024

Review: ANNUAL