

PONTELAND TOWN COUNCIL
ANNUAL INVESTMENT POLICY 2019-20

1. Introduction

Ponteland Town Council acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community.

In preparing the investment strategy the council is required under Section 15(1) of the Local Government Act 2013 to have regard to such Guidance as the Secretary of State may issue.

The current statutory guidance on local government investments (3rd edition) came into effect on 1 April 2018.

2. Investment Objectives

The Town Council's priorities will be on the security of reserves (protecting the capital sum from loss) and then the liquidity of its investments (keeping cash readily available for expenditure when needed).

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 Ponteland Town Council will not engage in such activity.

If external investment managers are used, they will be contractually required to comply with the policy.

The Town Council will monitor the risk of loss on investments by the review of credit ratings on a regular basis by checking one of the credit rating agencies referred to in the guidance document (Standard & Poor's, Moody's, Fitch Ratings Limited).

3. Specified Investments

Specified Investments are, by definition in the Guidance Notes, those offering high security and high liquidity, made in sterling and with a maturity date no longer than a year. Such short-term investments made with the UK Government or a local authority to town and parish councils will automatically be Specified Investments, as will those with bodies or investment schemes of 'high credit quality'.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Town Council will use:

- a) deposits with UK banks, UK building societies, UK local authorities or other UK public authorities and
- b) the Debt Management Office of HM Government.

Ponteland Town Council holds its investments with its banking provider, Lloyds Bank in its Treasury Management accounts, who also provide their day to day banking arrangements.

4. Non-specified Investments

These investments have greater potential risk – examples include investment in the money market, permanent interest-bearing shares from building societies and corporate stocks and shares.

The Town Council does not currently have any non-specified investments.

5. Liquidity of Investments

Subject to retaining sufficient average working capital requirement in the current and deposit facilities giving immediate access, the Clerk as the Council's Responsible Financial Officer (RFO), will determine the amounts and maximum period for which funds may be prudently invested, in accordance with paragraph 3 above, so as not to compromise liquidity.

The placement of surplus funds shall be delegated to the Clerk as the RFO.

All delegations under this paragraph are subject to the safeguard arrangements in place within the Council's Financial Regulations, including payment signatory authorisations, reconciliations and reporting to Council, as appropriate. Information on the level of funds invested is reported to the Council each month through the bank reconciliation document.

The Town Council retains sufficient funds in the business account to cover its liabilities and re-invests surplus funds in a 30-day term management account.

Asset replacement funds are invested in a longer-term management account (less than 12 months) in order to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

6. Long-term Investments

Long term investments are defined in the Guidance Notes as greater than 12 months and it requires that, should any Council wish to invest for periods greater than 12 months, it must identify procedures for monitoring, assessing and mitigating the risk of loss of invested sums.

Using the definition above, the Town Council does not currently hold any funds in long-term investments.

7. Review and amendment of Regulations

This document must be reviewed annually and revised if considered to be necessary.

The Council reserves the rights to make variations to the Investment Strategy at any time subject to the approval of Council. The amended document will be placed on the Town Council's website.

April 2019