



Tenterden Town Council

Investment Policy and Strategy

Reviewed	Adopted
Revised and adopted by Town Council	June 2023
Review date	December 2024
Policy number	13
Next review	December 2025

Review and revisions	
November 2024	Amended version to incorporate sections on 'Risk Management and Monitoring' and 'Strategy' showing current investments.

1. Introduction

The Town Council Investment Policy and Strategy complies with statutory guidance on local government investments¹, Ministry of Housing, Communities and Local Government (MHCLG) guidance², the Joint Panel on Accountability and Governance Practitioners' Guide (JPAG) and the NALC Model Financial Regulations.

This strategy establishes formal objectives, policies, practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks.

2. Guiding Principles

The Local Government Act 2003 states that a local authority may invest: - for any purpose relevant to its functions under any enactment - for the purpose of prudent management of its financial affairs. The Town Council will ensure that its funds are properly managed and that any investments are made with regards to the statutory guidance.

The Council aims to invest its surplus reserves, to maintain the value of these funds in real terms, to support future service delivery.

In accordance with statutory guidance on local government investments³, management of investments will be guided by (in priority order) Security, Liquidity and Yield.

- a) **Security:** protection from loss
- b) **Liquidity:** that funds invested are available when needed, maturity dates commensurate with need
- c) **Yield:** optimum return on investment

3. Investment Duties

In addition to consideration of the appropriate balance between Security, Liquidity and Yield, the council's investment duties are as follows.

- a) That all investments be made in the name of the Council and be in sterling.
- b) That the decision to invest funds, choice of institution and length of deposit be undertaken by full Town Council.
- c) That the Council consider spread of investments over different providers to minimise risk and protect funds in accordance with level of protection offered by the Financial Services Compensation Scheme.
- d) Any loans made to local third parties must be fully risk assessed and written on a commercial basis with clear loan covenant and security.
- e) The council to monitor the risk of loss on investments by review of credit ratings on a regular basis.
- f) The council to only invest in institutions of high credit quality and low credit risk, based on information from credit rating agencies and aiming for those with an 'A' rating.
- g) All investments will be with financial institutions, banks and building societies registered in the UK.

¹ Local Government Act 2003 s15(1a)

² [Guidance on local government investments.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/guidance-on-local-government-investments.pdf)

³ [Capital finance: guidance on local government investments \(third edition\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/capital-finance-guidance-on-local-government-investments-third-edition)

4. Risk Management and Investment Monitoring

The council's Financial Risk Assessment scheme will incorporate matters relating to risk management of council investments, to include:

- a) the Town Clerk as Responsible Finance Officer (RFO) to present an annual investment monitoring report to the Finance and General Purposes committee;
- b) the RFO to annually review and report credit ratings of investment institutions (achieved by asking these institutions to confirm their credit rating);
- c) to undertake an annual review of the council's Investment Policy and Strategy.

5. Investment Strategy 2024/2025

At the time of review, the Town Council holds the following investments:

Provider	Account held	Purpose
CCLA	Public Sector Deposit Account	Long-term investments for capital projects
CCLA	Local Authority Property Fund	Long-term investments for capital projects
Nationwide	Business Savings Account	Long-term investments for capital projects
Unity Bank	Instant access saver account	Short-term investment/general reserves