



**Burnham-on-Sea
& Highbridge**
TOWN COUNCIL

Annual Investment Strategy

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Contents

1 INTRODUCTION2

2 POLICY2

3 INVESTMENT OBJECTIVES2

4 SPECIFIED INVESTMENTS2

5 NON SPECIFIED INVESTMENTS.....3

6 LIQUIDITY OF INVESTMENTS.....3

7 LONG TERM INVESTMENTS.....3

8 INVESTMENT STRATEGY 2024-25.....3

9 END OF YEAR INVESTMENT REPORT3

10 REVIEW AND AMENDMENT OF REGULATIONS.....3

11 FREEDOM OF INFORMATION4

1 INTRODUCTION

- 1.1 Burnham-on-Sea and Highbridge Town Council (the Council) acknowledges that as part of its fiduciary duty it is important to prudently invest the temporary surplus funds held on behalf of the tax payer.
- 1.2 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.
- 1.3 This Strategy complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments and takes into account Section 15(1)(a) of the Local Government Act 2003 and guidance within Governance and Accountability for Local Councils Practitioner's Guide 2019.
- 1.4 The Council defines its treasury management activities as "the management of the Council's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks."

2 POLICY

- 2.1 This strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks and should be read in conjunction with the Council's Financial Regulations.

3 INVESTMENT OBJECTIVES

- 3.1 The Council's mandatory investment priorities are:
 - the security of its reserves, and
 - the adequate liquidity of its investments, and
 - the return on investment – the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 3.2 All investments will be made in sterling.
- 3.3 The Department of Communities and Local Government maintains that the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.
- 3.4 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.
- 3.5 Investments will be spread over different providers where appropriate to minimise risk.

4 SPECIFIED INVESTMENTS

- 4.1 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 or town or parish council will automatically be Specified Investments.

- 4.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Burnham-on-Sea and Highbridge Town Council will use:
- Deposits with banks, building societies, local authorities or other public authorities
 - Other approved public sector investment funds.

- 4.3 The choice of institution and length of deposit will be at the approval of the Finance & Resources Committee.

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

5 NON SPECIFIED INVESTMENTS

- 5.1 These investments have greater potential risk – examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council will not use this type of investment.

6 LIQUIDITY OF INVESTMENTS

- 6.1 The Finance & Resources Committee in consultation with the Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 6.2 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.

7 LONG TERM INVESTMENTS

- 7.1 Long term investments are defined in the Guidance as greater than 12 months.
- 7.2 The Council does not currently hold any funds in long term investments.

8 INVESTMENT STRATEGY 2024-25

- 8.1 For 2024-25 the Council will seek to invest as much of its balances in accounts/funds that maintain a high level of capital security and a competitive rate of interest in order to achieve its investment objectives.
- The investment will be in a best value notice and/or fixed term deposit account and/or CCLA public sector deposit fund.

9 END OF YEAR INVESTMENT REPORT

- 9.1 The Investment forecasts for the coming financial year were accounted for when the budget was prepared. At the end of the financial year, the Responsible Finance Officer will report on investment activity to the Finance & Resources Committee

10 REVIEW AND AMENDMENT OF REGULATIONS

- 10.1 The Annual Investment Strategy must be reviewed annually and revised if considered necessary.
- 10.2 The Council reserves the right to make variations to the Investment Strategy at any time subject to the approval of Council. Any variations will be made available to the public.

11 FREEDOM OF INFORMATION

- 11.1 In accordance with the Freedom of Information Act 2000, the Council's Investment Strategy will be published on the Town Council's website www.burnham-highbridge-tc.gov.uk and is also available as hard copy from the Town Council Offices.