



# Midsomer Norton Town Council

## **ANNUAL INVESTMENT STRATEGY 2018/19**

**Approved by the Council on 14<sup>th</sup> May 2018**

Midsomer Norton Town Council (the Council) acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

This Strategy complies with the revised requirements set out in the Office of the Deputy Prime Ministers Guidance on Local Government Investments and Chartered Institute of Public Finance and Accountancies, Treasury Management in Public Services, Code of Practice and Cross Sector Guidance Notes and takes account of the Section 15 (1) (a) of the Local Government Act 2003 and Best Practice from the National Association of Local Council's and CIPFA.

This Annual Investment Strategy states which investments the Council may use for prudent management of its treasury balances during the financial year. The three guiding principles of the Council's Investment Strategy are to maximise:

- Security – the security of any investment in terms of the risk placed on them
- Liquidity – the ability to access funds when they are required
- Yield – the return on any investment

### **1. Specified Investments**

Specified investments offer high security and high liquidity. All such investments should be 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 parish council will automatically count as specified Investments.

The Council, for prudent management of its treasury balances may use

- Treasury Deposits with UK clearing banks
- Local Authorities or other Public Authorities
- Other approved public sector investment funds

### **2. Non-specified Investments**

Due to the nature and risk associated with these types of investment, the Council will not use them.

### **3. Investment Objectives 2018-2019**

All investments will be in sterling.



## Midsomer Norton Town Council

The general policy objective for the Council is the prudent Investment of its treasury balances.

The Council's Investment priorities are

- (a) the security of capital
- (b) the liquidity of its investments
- (c) finally, the yield on the investments

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

For 2018-19, the Council will invest as much of its balance as possible in a low risk product in order to achieve the principles above. The Public Sector Deposit Fund has been identified as a low risk, high liquidity option. The Town Council will consider the potential performance of lower liquidity investments on an annual basis at the time that it reviews its Investment Strategy.

#### 4. Liquidity of Investments

The Town Clerk, as instructed by the Finance Working Party, will determine the period of time for which funds may prudently be committed and will operate the account along with the Chair of the Finance Working Party.

An Investment should be regarded as commencing on the date the commitment to investment is entered into, rather than the date on which the funds are paid over to the counterparty.

#### 5. Review of or Amendments to the Strategy

Any variations to the strategy will be reported to the Council as and when they arise.

The Annual Investment Strategy must be reviewed annually and revised if considered necessary. This Strategy will be reviewed in March 2018 in time for it to be adopted by Council at its Annual Meeting on 14<sup>th</sup> May 2018.

**Review Date: May 2019**