

POLICY:	INVESTMENT POLICY
Policy number:	LTC / IP / 23 / v.2
Available to:	All Staff, Councillors & Public (upon request)
Supersedes Version:	Investment Policy – Adopted by Full Council 21 st January 2019
Approved by:	Full Council
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1. Description

Policy for the effective investment of the Council's capital.

2. Purpose of this policy

To regulate the prudent management of the Town Council's finances.

3. Scope

All monetary investments made by the Council.

4. Procedure

4.1 Councils have the power to invest for any purpose relevant to their functions under any enactment, or for the purposes of the prudent management of their financial affairs (section 12 of the Local Government Act 2003, the '2003 Act').

4.2 The Government has issued guidance on local government investments under section 15 of the 2003 Act ('the Guidance') and this has statutory force. The latest edition, which applies for accounting periods starting on or after 1 April 2018, can be found at:-

<https://www.gov.uk/government/publications/capital-finance-guidance-on-local-government-investments-second-edition>

4.3 The Guidance is mandatory where investments of a parish or town council exceed or are expected to exceed £100,000 at any point in a financial year (see paragraph 14 of the Guidance on page 2). Note that this is a lower limit than for the previous edition (see paragraph 11 of the non-statutory commentary on page 10).

- 4.4 Parish or town councils where investments are expected to exceed £10,000 are encouraged to adopt the principles in the Guidance.
- 4.5 'Investment' in the Guidance is very widely defined (see paragraph 4 of the Guidance on page 1) and includes non-financial investments such as property investments. It follows that where councils own or lease property they need to be clear as to whether the property is held for the purposes of enabling the council to perform its functions or as an investment.
- 4.6 Where the Guidance is mandatory, or where a council has adopted the principles in the Guidance, the council must, at a Full Council meeting, adopt an investment strategy for each financial year (see paragraphs 15-19 of the Guidance on pages 2-3 and paragraphs 12-17 of the non-statutory commentary on pages 10-11).
- 4.7 The key paragraphs in the Guidance are paragraphs 26-29 on page 4, discussing security, liquidity and yield. Yield should always be a much less important factor than security and liquidity.
- 4.8 A parish or town council has a number of powers to make loans to organisations and this is covered in paragraph 33-34 of the Guidance on page 5 and paragraph 27 of the non-statutory commentary on page.
- 4.9 However as local councils do not publish a balance sheet there is no financial benefit to a local council in making a loan and it may put pressure on the borrower: it may be in everyone's interest to make a grant instead.
- 4.10 All councils need to have regard to paragraphs 48-50 of the Guidance (on page 8) and paragraphs 38-40 of the non-statutory commentary (on page 16) on capacity, skills and culture.

4.11 Annual Reporting Structure

Ludlow Town Council will report at least annually on:

- Balances
- Outstanding Loans (PWLB) and potentially loans made by Council
- Investments (monthly balance reports provided to Policy and Finance Committee)

All financial deposits and investments are subject to the Council's Financial Regulations.

4.12 Principles for the Investment Strategy

- For each financial year, a local authority should prepare at least one Investment Strategy ("the Strategy"). The Strategy should contain the disclosures and reporting requirements specified in this guidance.

- The Strategy should be approved by the full council. For authorities without a full Council, the Strategy should be approved at the closest equivalent level. The Secretary of State recommends that the Strategy should be presented for approval prior to the start of the financial year.
- Where a local authority proposes to make a material change to its Strategy during the year a revised Strategy should be presented to full council or equivalent for approval before the change is implemented.
- The Strategy should be publicly available on a local authority's website. Where a parish council or charter trustee does not maintain its own website, they should post a public notice detailing how local residents can obtain a copy of the Strategy, free of charge.
- The Council's investment strategy will be reviewed and managed annually.

5. Legal

To be read in conjunction with the Statutory Guidance on Local Government Investments (3rd Edition) Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018.

6. Other relevant policies

Financial Regulations
Reserves Policy



Investment Strategy 2023/24

All financial deposits and investments are subject to the Council's Financial Regulations.

Accounts and investments held by the Town Council:

- Current Account
- Easy Access Savings account
- The council does not own property for investment purposes

In the financial year 2018 / 19, Ludlow Town Council resolved to:

- To invest £150K from reserves into the CCLA Public Sector Deposit Fund
- To research alternative investment(s) up to £50k to be brought back to future meeting.

In the financial year 2022/23, Ludlow Town Council resolved to:

- To invest a further £150K from reserves into the CCLA Public Sector Deposit Fund