



Framlingham Town Council

Annual Investment Strategy 2020/2021

1. Introduction:

- 1.1 Framlingham Town Council acknowledges the importance of prudently investing the temporarily surplus funds held in its accounts.
- 1.2 The Town Council is required under Section 15 (1) of the Local Government Act 2003 to have regard to such Guidance as is issued by the Secretary of State.
- 1.3 The current statutory Community and Local Government (CLG) Investments Guidance Note came into force on 1st April 2018 and is appended to this document.
- 1.4 The Guidance Note make a distinction between investments that are:
 - Specified Investments - High security and high liquidity
 - Non- Specified Investments - Those with potentially greater risks and lower liquidity
- 1.5 A 'Specified Investment' is one which is made in sterling, is not long term (less than 12 months) not defined as capital expenditure and is placed with a body which has a high credit rating or made with the UK Government, a UK Local Authority, or a Parish or Community Council. Any other type of investment is considered 'Non- Specified Investment' to which there can be greater risk and where professional investment advice might be required.
- 1.6 This strategy is prepared with regard to the appended guidance and in accordance with the Town Council's Financial Regulations (8. Loans and Investments and 16. Risk Assessment)

2. Investment Objectives:

- 2.1 Framlingham Town Council's priorities will be centred on the security of reserves (protecting the capital sum from loss) and then liquidity of its investments (keeping the money readily available for expenditure when needed).
- 2.2 Ethical investment opportunities which seek to contribute positively to the environment should be considered alongside yield, subject to such investment complying with the statutory guidance in this document.
- 2.3 All investments will be denominated in Sterling and any payments or repayments in respect of the investment are in Sterling.
- 2.4 The Department for Communities and Local Government allow a local authority to make loans to local enterprises, or third sector entities as part of regeneration or economic growth projects. Framlingham Town Council does not currently engage in such practice and would only consider doing so if it were deemed prudent.
- 2.5 If external investment managers are used, they will be contractually required to comply with the Strategy. The Council does not currently employ in-house or external financial advisers.

3. Specified Investments:

- 3.1 Specified Investments are, by definition in the Guidance Note, those offering high security and high liquidity, made in Sterling and with a maturity date of no more than one year. Such short term investments made with the UK Government, a local authority or a Parish or Community Council will automatically be Specified Investments as will those with bodies or investment schemes of 'high credit quality' (as evaluated by at least one of the credit rating agencies referenced in the Guidance Note).
- 3.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Town Council will use:

- deposits with UK Banks, UK Building Societies, UK Local Authorities or other UK Public Authorities
- The debt management agency of HM Government

3.3 The choice of institution and term of deposit will be subject to the approval of the Finance Committee (or Full Council). Funds will only be held with institutions with a high credit rating and/or in deposits in relation to which Framlingham Town Council would benefit from protection under the Financial Services Compensation Scheme (FSCS). Where reliance is placed on FSCS protection (ie where the investment would otherwise not meet the requirement of being with an institution with a high credit rating), the Financial Committee (or Full Council) must be satisfied that the protection applies and the funds invested with the institution and any affiliate must not exceed the £85,000 limit.

3.4 For the purposes of paragraph 3.3, institutions whose senior debt is at least “A” rated will be considered to have a high credit rating.

3.5 Framlingham Town Council currently holds the following investments:

Institution	Account	Term	Maturity	Interest rate	Balance
HSBC	Money Manager Fixed Deposit (Capital Savings)	1 year	21 st January 2021	0.4800%	40,356.00
HSBC	Money Manager Fixed Deposit (Capital EMR)	1 year	21 st January 2021	0.4800%	29,741.28
HSBC	Money Manager Fixed Deposit (CIL 3)	1 year	11 th February 2021	0.9300%	258,068.24

3.6 The Town Council will aim for FSCS protection where possible for future investments as a means of minimising risk, subject to the requirements of paragraph 3.3.

4. Non- Specified Investments:

4.1 These are investments which do not meet the criteria for Specified Investments and therefore have greater risk – examples include the money market, subordinated bonds from banks, permanent interest-bearing shares from building societies and corporate stocks and shares. Given the unpredictability and uncertainties surrounding such investments, the Town Council will not use this type of investment

4.2 It is recognised that the Town Council may consider placing funds on deposits protected by FSCS, including placing funds with institutions which do not have a high credit rating, as defined at paragraph 3.4. This would mean that these are technically Non-Specified Investments. The Town Council would only consider doing so where FSCS protection applies to eliminate the associated investment risk.

5. Liquidity of Investments:

5.1 Subject to retaining not less than three months’ average working capital requirement in current and deposit accounts giving immediate access, the Town Clerk as the Town Council’s Responsible Financial Officer (RFO), will provide information on the amounts that can be invested and the maximum periods for which they can be invested in order to meet the spending plans that the Council has established.

5.2 The placement of surplus funds shall be delegated to the RFO, acting in all circumstances under the instruction of the Town Council. For the avoidance of doubt, the Finance Committee will specify the information required as a basis for investment decisions, which will be provided by the RFO to the Finance Committee. The Finance Committee will make a recommendation to Full Council for approval.

5.3 Credit ratings will be monitored at quarterly intervals by the RFO. If the credit rating falls below the level set out in paragraph 3.4 during that period the RFO will report back to the Finance Committee for consideration.

6. Long – term Investments:

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

Framlingham Town Council does not currently hold any funds in long term investments

7. Reports

7.1 The RFO will provide investment reports to the Finance Committee on a regular basis. Reports will provide details of all current investments on a monthly basis, highlight investments which are approaching maturity and, where investments are approaching maturity and require re-investment, give details of options. The scope for information regarding options must be specified by the Finance Committee.

8. Review of this Strategy:

8.1 This Investment Strategy document will be reviewed annually by the Finance Committee and approved by Full Council before the commencement of a new financial year.

8.2 The Town Council may make variations to the Investment Strategy at any time subject to the approval of Full Council. Any variations shall be made available to the public on the Framlingham Town Council website.

9. Freedom of Information

9.1 In accordance with the Freedom of Information Act 2000, this document will be published on the Town Council website below.

Approved: 4th June 2020

Date of Review: January 2021

Published on www.framlingham.com