



**SUDBURY  
TOWN COUNCIL**

**Treasury Management Investment  
Strategy Statement**

## 1. Introduction

- 1.1 The Council's Treasury Management Investment Strategy has regard to the Statutory Guidance on Investments issued by the Secretary of State under section 15 (1) (9) of the Local Government Act 2003 (3<sup>rd</sup> Edition) and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Investment Strategy is a public document as defined by the Freedom of Information Act 2000.
- 1.2 Where its investments exceed, or are expected to exceed, £100,000 at any time during a financial year, it must comply with the Statutory Guidance on Investments issued by the Secretary of State under section 15 (1) (9) of the Local Government Act 2003. The current guidance (3<sup>rd</sup> edition) became effective from 1<sup>st</sup> April, 2018.
- 1.3 The Government Regulations and the CIPFA code require the Council to invest its funds prudently, and to have regards to the security and liquidity of its investments before seeking the highest rate of return or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving very low interest rates on investments.

## 2. Transparency and democratic accountability

- 2.1 The Council will have in place an Investment Strategy each year. It will be approved at a meeting of the full Council.
- 2.2 The Strategy should be revised annually by the Finance Committee. The revised Strategy to be presented to full Council for approval.
- 2.3 The Strategy should be publicly available on the Council's website.

## 3. Security, Liquidity and Yield

- 3.1 The primary principle governing the Council's investment criteria is the security of capital and liquidity of its investment.
  - **Security** – protecting the capital sum invested from loss;
  - **Liquidity** – ensuring the funds invested are available for expenditure when needed.

Once proper levels of security and liquidity are determined, it is reasonable to consider what yield can be obtained.

- 3.2 The Council will endeavour to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. Security of principal will always be the primary consideration. The risk appetite of this Council is low in order to give priority to security of its investments.
- 3.3 Credit ratings will be used as one means of assessing the quality of rated counterparties. A Credit Rating Agency is one of the following three companies:

- Standard and Poor's
- Moody's Investors Services Ltd
- Fitch Ratings Ltd

Ratings will not be the sole determinant of the quality of an institution. It is important to continually assess and monitor the financial sector on both a micro and macro basis in relation to the economic and political environments in which institutions operate. Other information sources used will include the financial press, share prices and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

- 3.4 Liquidity: Whilst the Town Council may invest funds in either short or long term investment products, the presumption shall be that it will maintain high levels of liquidity and seek investments generally for a period of up to 12 months. When it has healthy levels of reserves, it may seek long term investments if they offer attractive rates of return with financial institutions that hold good credit ratings.
- 3.5 Yield: The Council shall be under no obligation to seek the highest possible return for its investments. It should adopt a measured approach considering its risk profile as a whole in determining when and where to invest its funds.

#### **4. Financial Investments**

4.1 The Council will only invest in specified investments whereby:

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
- The investment is not a long term investment. This means that the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option.
- Each new potential investment counterparty to be reviewed and recommended by the Financial Committee for the approval by the Full Council. This recommendation should include the maximum term and deposit level allowed for this investment.

#### **5. Risk assessment for financial investments**

- 5.1 The services of an accredited financial advisor to be used before entering into any new investment opportunities.
- 5.2 The services of an accredited financial advisor to be used to review the existing financial investment arrangement on an annual basis.
- 5.3 A potential investment counterparty should have a credit rating as per para 3.3 at the investment grade BBB and higher.
- 5.4 The credit rating for the existing investment counterparty should be monitored quarterly and any changes in rating reported to the Finance Committee.

## 6. Borrowing Strategy

6.1 The Council will endeavour to avoid new borrowings to finance capital expenditure.

6.2 The forecast for PWLB debts is as following (GBP):

	<b>March 2022</b>	<b>March 2023</b>	<b>March 2027</b>	<b>March 2032</b>	<b>March 2042</b>	<b>March 2052</b>	<b>Mar 2058</b>
	Now	1 year	5 years	10 years	20 years	30 years	35 years
Land to the rear of the Town Hall	313,168	309,602	293,571	268,886	198,626	87,147	0

6.3 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed.

## 7. Capacity, skills and culture

7.1 Elected members and statutory officers involved in the investments decision making process shall receive training and guidance periodically to enable them to take informed decisions as to whether to enter into a specific investment, to assess individual assessments in the context of the strategic objectives and risk profile of the local authority and to enable them to understand how these decisions have changed the overall risk exposure of the local authority.

## 8. Decision-making

8.1 The Town Clerk shall be authorised to enter into a new investments with financial institutions only on the basis of the approval by the Full Council.

## 9. Revision and Review

9.1 The Investment Strategy shall be reviewed at least every year by the Finance Committee and any proposed changes shall be approved by the Full Council.