

# Easingwold Town Council Investment Policy

## 1. Introduction

Easingwold Town Council (“ETC”) recognises and acknowledges the importance of its fiduciary duties including the prudent investment of any surplus funds.

The Investment of such surplus funds by local authorities is governed by the Local Government Act 2003, section 15(1)(a) and Guidance issued by the Secretary of State under that Act. The Guidance recommends that a council produces an Annual Investment Strategy which sets out its policy for managing the investments whilst giving priority to liquidity and security.

Investments below £10,000 are not subject to the Guidance but for investments between £10,000 and £500,000 the council is required to make a formal decision on the extent to which it would be reasonable to adopt the Guidance either in part or in full.

A ‘Specified Investment’ is one which is made in sterling, is for less than twelve months, is 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 to be a ‘Non Specified Investment’ to which there can be greater risk and where external investment advice might be required.

The Guidance suggests that local authorities should keep their Annual Investment Strategy as simple as possible and maintain a prudent policy at all times. This Investment Policy provides the framework for the annual investment strategy and will apply to all investment activities undertaken by ETC.

## 2. Investment Policy

- A. This Investment Policy should be read in conjunction with ETC’s Financial Regulations.
- B. ETC’s investment priorities are as follows;
  - Security – protection of the investment sum from loss of value and to minimise risk;
  - Liquidity – how quickly the invested funds can be encashed if required; and
  - Yield – ETC will aim to optimise its return on its investments given the priorities of security and liquidity.
- C. ETC will only invest in Specified Investments and only with institutions registered in the United Kingdom.
- D. ETC will ensure that all its investments can be encashed within 190 days of making that investment.
- E. ETC will consider spreading its investments across different financial institutions to minimise risk and to protect its funds in line with the current level of financial protection offered by the Financial Services Compensation Scheme (currently £85,000 as at 1 November 2020).
- F. The Town Clerk, as Responsible Financial Officer (“RFO”), shall be the contact for any external investment advisor and any appointed counterparties and is authorised to deal with administrative matters and give instructions on behalf of ETC as necessary to protect ETC’s Council’s investments.

- G. The RFO will provide details of all investments to the Council on a regular monthly basis.
- H. ETC will review and update this investment policy on an annual basis during the course of setting its annual budget.
- I. ETC will publish this investment policy on its website.

### **3. Investment Strategy to March 2022**

The specific investment strategy to be followed by ETC from the date of its approval of this Investment Policy to 31<sup>st</sup> March 2022 is as follows.

- A. ETC will continue to use HSBC Bank as its day to day bank.
- B. ETC will seek to reduce its exposure to the potential failure of any financial institution by arranging insurance cover for the excess of monies held at that institution over the amount covered by the Financial Services Compensation Scheme or by moving 50% of its total funds at that time to a second bank or institution by way of a specified investment. The choice of that second bank or institution will be recommended by the RFO and is subject to the council's approval.
- C. ETC will generally maintain a maximum of one month's normal average expenditure on current account although it is recognised that the timing of any unusual expenditure may result in a larger current account balance in the short term.
- D. ETC will generally maintain a maximum of three month's normal average expenditure on deposit accounts subject to no more than one month's notice of withdrawal.
- E. ETC will maintain the balance of its funds in specified investments that are subject to no more than six months' notice of withdrawal.

### **4. Approval**

This Investment Policy including the strategy to March 2022 was approved by ETC at its meeting held on 15<sup>th</sup> December 2020.