Launceston Town Council

Investment Strategy

2025

Approved by Finance & General Purposes on:	*Date 5 March 2025*
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Prepared By:	Helen Gribble Responsible Finance Officer

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1. Introduction

1.1 Launceston Town Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

1.2 This Strategy complies with the revised requirements set out in the Statutory Guidance on Local Government Investments (3rd Edition) for financial years commencing on 1 April 2018 and Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes and takes account of the Section 15(1)(a) of the Local Government Act 2003.

2. Objectives

2.1 In accordance with Section 15(1) of the 2003 Act, the Council will have regard

a) to such guidance as the Secretary of State may issue, and
b) to such other guidance as the Secretary of State may by regulations specify.

2.2 The Council's investment priorities are as follows:

- Security of reserves i.e. protecting the capital sum invested from loss
- Liquidity of its investments i.e. ensuring that funds invested are available for expenditure when needed.
- Yield i.e. the return on investment is considered once the first two objectives are satisfied.

2.3 All investments will be made in Sterling.

2.4 Although the Department for Communities and Local Government allow a local authority to make loans to local enterprises, charities etc, they may not be seen as prudent. Therefore, the Council will consider any such requests on a case by case basis.

2.5 If external investment managers are used, they will be contractually required to comply with the policy.

3. Specified Investments

3.1 Specified investments are those offering high security and high liquidity. All investments will be in sterling and for no more than one year.

3.2 Such short-term investments made with the UK Government or a local authority or town and parish council will automatically be Specified Investments, as will those bodies or investment schemes of "high credit quality" i.e. ratings of UK clearing banks and building societies should be at least A- or equivalent[1].

3.4 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:
- Deposits with UK banks, UK building societies, UK local authorities or UK public authorities.
- CCLA Property Fund, but no more than 10% of reserves will be invested, for no longer than five years.
- The debt management agency of HM Government.

3.5 Launceston Town Council currently holds investments with Lloyds Bank (Business Account - instant access), HSBC UK (Deposit – instant access), Cornwall Council (Deposit – 24 hours notice) and CCLA Investment Management Limited (Deposit – 1 months notice).

4. Non-specified Investments

4.1 These are investments that have greater potential risk – examples include investment in the money market, subordinated bonds from banks, permanent interest-beating shares from building societies and corporate stocks and shares.

4.2 Given the unpredictability and uncertainties surrounding such investments, the Council will <u>not</u> use this type of investment.

5. Liquidity of Investments

5.1 Subject to retaining no less than three months' average working capital requirement in current and deposit accounts giving immediate access, the Responsible Finance Officer will determine the amounts and maximum period for which such funds may be prudently invested, in accordance with paragraph 3 above, so as not to compromise liquidity.

5.2 The placement of surplus funds shall be delegated to the Responsible Financial Officer.

6. Long Term Investments

6.1 Long term investments are defined in the Guidance note as greater than 12 months and it 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.

6.2 The Council currently holds one long term investment with Launceston Development Trust to the value of £5,000.

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[1] A credit rating agency is defined in the guidance as one of the following three companies: Standard and Poor'; Moody's Investors Service Ltd; Finch Rating Ltd.

6.3 The Council does not envisage any further long term investments being made during the financial year 2024/25.

7. External Borrowing

6.1 No borrowing approval is required for temporary loans or borrowing by way of an overdraft. Approval must be given by the Department for Communities and Local Government to borrow to fund capital expenditure.

6.2 The Town Council's current external borrowing position as at 31 March 2025 will be £887,930. This loan was taken out through the Public Works Loan Board to finance the extensive repair and refurbishment of the Town Hall.

8. End of Year Report

8.1 Investment forecasts for the coming financial year were accounted for when the budget was prepared. At the end of the financial year, the Responsible Finance Officer will report on investment activity to the Finance and General Purposes Committee.

9. Review and Amendment of Regulations

9.1 The Strategy will be reviewed annually prior to the start of the financial year by the Finance and General Purposes Committee and approved by Full Council.

9.2 The Council reserves the right to make variations to the Strategy at any time, subject to the approval of the Full Council. Any variations will be made available to the public.

10. Alternative Formats

10.1 If you require this document in another format please contact the Council on 01566 773693 or email admin@launceston-tc.gov.uk.

11. Freedom of Information

11.1 In accordance with the Freedom of Information Act 2000, this document will be published on the Council's Website www.launceston-tc.gov.uk and is also available by contacting Launceston Town Council, The Town Hall, Western Road, Launceston, Cornwall, PL15 7AR. Telephone: 01566 773693 or email admin@launceston-tc.gov.uk