



ANNUAL INVESTMENT STRATEGY

1. OVERVIEW

This document gives guidance on borrowing and investments by Leighton-Linslade Town Council in accordance with 'the Local Government Act 2003'. It highlights that the Council is committed to Treasury Management to ensure that:

- * Capital expenditure plans are affordable
- * All external borrowing and other long term liabilities are within prudent and sustainable levels, and
- * Treasure Management decisions are taken in accordance with good professional practice

The CIPFA Treasure Management Code of Practice defines Treasury Management as:

'The management of the Council's cashflows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

2. INVESTMENT STRATEGY

2.1. Introduction

The Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

This Strategy complies with the revised requirements set out in the Department for Communities and Local Government's (formerly the Office of the Deputy Prime Minister) Guidance on Local Government Investments and Chartered Institute of Public Finance and Accountancy's Treasure 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.

2.2. Investment Objectives

In accordance with Section 15(1) of the 2003 Act, the Council will *have regard to (2) such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify.*

The Council's investment priorities are the security of reserves and liquidity of its investments.

The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

All investments will be made in sterling.

The Department for Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Council will not engage in such activity.

Where external investment managers are used, they will be contractually required to comply with the Strategy.

2.3. **Specified Investments**

Specified investments are those offering a high level of security and liquidity. These will be made in sterling and maturing within 12 months. This type of short-term investment when made with the UK Government, Local Authority, Town or Parish Councils will automatically be classed as Specified Investments.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Leighton-Linslade Town Council will use:

- * Deposits with banks, building societies, local authorities or other public authorities
- * The debt management agency of HM Government

For reference at present our Specified investments are held by the Nationwide Building Society in a mixture of Instant access and notice accounts.

2.4. **Non-Specified Investments**

These investments have greater potential risk – examples include investment in the money market, stocks and shares.

Given the unpredictability and uncertainties surrounding such investments, Leighton-Linslade Town Council will not use this type of investment.

2.5. **Liquidity of Investments**

The Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the counterparty.