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## Investment Policy

### Investment Strategy for financial years 2022-23 and 2023-24

#### 1 Introduction

- 1.1 The Council acknowledges the importance of prudently investing surplus funds held on behalf of the community as part of its fiduciary duty but maintaining a minimal risk for investing and is limited to maximising return on cash fund.
- 1.2 The Council will prepare an Annual Investment Strategy. The Strategy will state the Council’s approach to assessing risk of loss before entering into and whilst holding an investment.

#### 2 Policy principles

- 2.1 When entering into investments for the purpose of managing its treasury, the Council will consider security, liquidity and yield in that order of importance.
- 2.2 Funds for current expenditure will be in a mixture of current accounts and instant or short-notice access deposit accounts. Funds not required for current or planned future expenditure may be invested on longer term deposits of up to 3 years. The Council does not currently hold reserves of the latter kind.
- 2.3 Council has a policy for the foreseeable future of not investing in market-based products where the capital can go down as well as up. This includes low risk investments such as CCLA, since these are affected by movements on the gilts market.
- 2.4 Like individuals, the Council enjoys depositor protection capped at £85,000 in any one bank. With each tranche of income, Council’s available cash exceeds this cap. Prudence indicates a need to spread risk as soon as practicable but will accept small risks where the threshold is exceeded due to earned interest. Unless Council develops a need of a second current account, it will prefer additional banking facilities to provide suitable free standing deposit accounts. Where possible, withdrawals should be possible only into the Council’s main bank account.
- 2.5 A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth even though those loans may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity. The Council does not currently have any policies which would lead to it making such loans.



- 2.6 Investment forecasts for the coming year will be considered when the budget is prepared. At the end of the financial year the Responsible Finance Officer will report on investment activity to the Finance & General Policies Committee.

### **3 Investment Strategy for next 18 months**

- 3.1 The Council holds two substantial reserves in line with its Reserves Policy: the General Reserve of some £53,000 and the Earmarked Reserve for the Bybrook-Bockhanger Community Facility Project of £55,000. It also holds cash from the current year's precept to meet its budget commitments and plans. It holds two savings accounts with Nationwide in addition to the current and savings accounts with its main bank, Metrobank. Total funds in the latter exceed £85,000 since the second tranche of the precept was received from ABC. Total funds in the Council's treasury should decline naturally over the remainder of the financial year but it will be prudent to open a further account and deposit between £50,000-£70,000 in this.
- 3.2 For comparison, the Council's deposit accounts receive 0.3% from Metrobank, and an average of 2% from Nationwide.

### **4 Conclusion**

- 4.1 Council should approve opening a Council Saver Deposit Account with The Cambridge Building Society with an initial investment of a minimum of £50,000 and delegate the RFO to determine a higher amount she judges appropriate within a limit of £85,000.
- 4.2 A condition of the account should be that withdrawals require two signatures or that all withdrawals must be paid into the Council's main current account, currently Metro Bank.

**Policy Adopted: 12-12-2022**

**Review due: November 2023**

#### **Revision History**

| <b>Version</b> | <b>Date</b> | <b>Comments</b>  |
|----------------|-------------|--|
| 0.1            | Nov 2022    | Created by Cllr Cooper drawing on other councils' policies |
| 0.2            | 1.12.2022   | Considered in F&GP   |
| 0.3            | 04.12.2022  | Presented to Council for adoption                          |
| 1.0            | 14.12.2022  | Adopted by Council   |