

# Witney Town Council

## Investment Strategy

The Town Council acknowledges the importance of prudently investing surplus funds held on behalf of the community. All investments will be made in line with the Council's financial procedures and observations or advice received from the Council's internal and external auditors, supported as necessary by advice from the Council's financial advisors.

### Financial Policies

The Council will ensure it has adequate though not excessive cash resources, overdraft or standby facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its service objectives.

When considering financial plans and preparing the annual budget, the Council will aim to:

- a) Maintain a working bank account balance of approximately 1 – 3 months net anticipated expenditure.
- b) Surplus monies will be placed within suitable bank accounts or funds that are accessible immediately or with a specified period of notice in order to generate a suitable level of interest on return.
- c) Maintain a General Revenue Reserve, not earmarked for specific purposes, to cushion the impact of unexpected events or emergencies or to smooth out cashflow when undertaking works prior to the receipt of approved grants or Developer Contributions; and maintained at between 3-6 months of gross revenue expenditure.
- d) Maintain Earmarked Reserves, for both capital and revenue expenditure, to meet known or predicted liabilities, identified individually in the Council's budgets.

### Investment Objectives

1. The Council's investment priorities are the security of reserves and adequate liquidity of its investments.
2. The Council will aim to maximise income from its investments commensurate with proper levels of security and liquidity.
3. The Council will seek to ensure that investment income is consistent one year to the next.
4. Where external investment managers are used, they will be contractually required to comply with this Strategy.
5. In balancing risk against return, this Council is more concerned to avoid risks than to maximise returns.
6. All investments will be in sterling.

## **Specified Investments**

Specified investments are those offering high security and high liquidity, made in sterling and maturation of no more than a year. Such short term investments made with the UK Government or a local authority or town or parish council will automatically be Specified Investments.

For prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Witney Town Council will use:

- Deposits with banks, building societies, local authorities or other public authorities.
- Other recognised funds specifically targeted at the Public Sector.
- *The choice of institution and length of deposit will be at the discretion of the Responsible Financial Officer in consultation with the Town Clerk. This information will then be reported to the Policy, Governance and Finance Committee.*

## **Non-Specified Investments**

These investments have greater potential risk such as investments in the money market, stocks and shares. Should the Council decide to make non specified investments it will use the services of an appointed FCA accredited financial advisor on the investment of these funds. The choice of investment company will be reviewed within the first year of every new administration following an election or more frequently if the performance of the investments is not meeting the required objectives

Long term investments, defined as greater than 36 months, will be used to support the 3-5 year Capital Programme which will be reviewed and agreed annually. Capital growth of the fund should be maximised but at least equal to RPI whilst being consistent with the required level of security and all other public investment criteria.

The Council will expect the Investment Manager to invest in a balanced portfolio that will yield a consistent income/growth year on year whilst having regard to the Council's objectives and security of its investments. The Investment Manager should consider social, ethical and/or environmental factors or criteria when selecting, retaining or disposing of assets.

## **End of Year Investment Report**

At the end of each financial year the Fund Manager will present a report on the Investment activity to Full Council.

## **Review and Amendment of Regulations**

This Strategy will be reviewed annually by the Policy, Governance & Finance Committee. The Committee reserves the right to make variations to the Strategy at any time, subject to the approval of the Full Council.

Reviewed: PG & F Committee, 30 January 2023. Amendment to previously agreed policy shown in italics.