

## **POLICY, GOVERNANCE & FINANCE COMMITTEE**

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**Date:** Monday 5 February 2023

**Title:** Annual Investment Strategy

**Contact Officer:** Responsible Financial Officer (RFO)

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### **Background**

The Council is required to approve an Investment Strategy on an annual basis.

The Investment Strategy set out what the Council intends to do with any surplus funds and is there to ensure that the Council invests prudently to achieve the optimum return, bearing in mind the security (safety) and liquidity (ease of access) of the funds invested. These requirements form a basis to create clear treasury management objectives and to structure sound treasury management policies and practices.

A draft revised strategy was presented to the Committee at its meeting on 20 November 2023. At that meeting it was resolved “That, the Annual Investment Strategy 2023/24 be formally approved by the Committee, and subsequently Full Council on 4 December 2023 subject to the inclusion of sustainability.” (Minute F621/3). An appropriate policy statement regarding sustainability was not brought to the Full Council meeting and so it is presented to Committee for consideration and recommendation.

### **Investment Strategy**

The Strategy is compliant with the Local Government Act 2003, the Revised statutory guidance on Local Government Investments (3<sup>rd</sup> Edition, March 2018) and the guidance set out in the Joint Panel on Accountability and Governance Practitioners’ Guide (March 2023).

The RFO reviewed the Strategy with the Town Clerk/ CEO and some minor changes have been made, which are shown in the tracking. These include adding in the statutory basis of the Strategy.

It should be noted that the Committee reserves the right to make variations to the attached Strategy at any time, subject to the approval of the Council.

The strategy now includes as objective 7:

“The power to invest must be exercised in accordance with the provisions of this Strategy and what is best for the financial position of the Council in terms of investment returns. However subject to these requirements, the precise choice of investment may then be influenced by wider social, ethical or environmental considerations. The Council has declared a Climate Change Emergency and therefore places a high priority on sustainability in order to meet the needs of the present without compromising the ability of future generations to meet their needs. The Council will consider these matters when making investment decisions

but also recognises that there are limitations on the extent to which it can make environmental, social and governance comparisons and assessments including:

“(a) Multiple and diverse sustainability frameworks and standards including on sustainability disclosure.

“(b) The lack of common definition of sustainable activities .

“(c) Greenwashing (a difficulty establishing the depth of claimed green credentials).”

Note that the placing of this objective as the final objective is not an indication of the priority order of the objectives. It is because this objective is subject to and follows on from the first six objectives.

At the Committee meeting on 20 November 2023, it was further resolved “That, Officers feedback to the Committee on the levels of sustainability in the Council’s current investments at a future meeting.” (Minute F621/4).

By implementing this strategy, the Officers foresee no changes to the current process for investing surplus funds, however it is possible that it will result in changes to where investments are made.

### **Current Process for Investing Surplus Funds**

The Investment Strategy details how the Council invests surplus funds held on behalf of the community. The policy delegates the choice of institution for the investment of such funds to the RFO in consultation with the Town Clerk rather than the Chair of the Policy, Governance and Finance Committee. The policy then requires that these matters are reported to the Policy, Governance and Finance Committee.

Financial Regulations require that the RFO together with the Proper Officer (Town Clerk) assists the Council to secure economy, efficiency and effectiveness in the use of its resources. Consequently, the Council will invest surplus funds for the best income return having regard both to the requirements of the Local Government Act 2003 and the absolute requirement to avoid capital loss.

### **Financial Implications**

There are no direct financial implications arising from this report.

### **Recommendation**

The Committee is invited to note this report and

1. confirm approval of the current investments and the RFO continues to monitor interest rates to ensure that the Council receives the most advantageous interest rates.
2. that the attached appendix being the Annual Investment Strategy 2023/24 is formally approved by the Committee, and subsequently full Council on 4 December 2023.