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**ANNUAL INVESTMENT STRATEGY 2021/22**

1. The Council has had regard to the Department of Communities and Local Government’s (DCLG) Guidance on Local Government Investments and CIPFA’s Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes.
2. This Annual Investment Strategy states which investments the Council may use for prudent management of its treasury balances during the financial year.

3. **Investment Objectives**

* 1. All investments will be in sterling.
	2. The general public policy objective for this Council is the prudent investment of its treasury balances.
	3. The Council’s investment priorities are the security of reserves and liquidity of its investments.
	4. The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.
	5. The DCLG maintains that the borrowing of monies purely to invest or to lend and make a return is unlawful and this Council will not engage in such activity.

4. **Investment Balances/Liquidity of Investments**

* 1. Based on its cash flow forecasts, the Council anticipates its fund balances in the financial year 2021/22 will be up to £1,400,000
	2. The Council has considered the current level of balances and estimated levels over the next 3 years coupled with the need for liquidity, its spend commitments and provision for contingencies. Investments may be made for longer than 1 year but only in CCLAs Local Authorities Property Fund (LAPF) and only balances that will not be needed for at least 2 years.
	3. In order to maintain sufficient security and liquidity the Council will manage any surplus funds mainly through CCLA’s Public Sector Deposit Fund which provide an optimal rate of interest. At the discretion of the Responsible Financial Officer (RFO), in consultation with the Town Clerk, deposits in other UK banks, with a minimum long term Moody’s (or equivalent) credit rating of ‘A’, may be used if offering a higher rate of interest.

5. **Investments defined as capital expenditure**

* 1. The acquisition of share capital or loan capital in any body corporate is defined as capital expenditure under Section 16(2) of the Local Government Act 2003. Such investment will have to be funded out of capital or revenue resources and will be classified as “non specified investments”.
	2. A loan or grant by this Council to another body for capital expenditure by that body is also deemed by regulation to be capital expenditure by this Council. It is therefore important for this Council to clearly identify if the loan has been made for policy reasons or if it is an investment for treasury management purposes. The latter will be governed by the framework set by the Council for “specified” and “non-specified” investments.
	3. It is not envisaged that any investments of a capital expenditure nature will be entered into during 2021/22. Investment in the LAPF is not classed as Capital Expenditure.

6. **Provisions for credit related losses**

6.1 If any of the Council’s investments appear at risk of loss due to default (i.e. a credit rated loss, and not one resulting from a fall in price due to movements in interest rates) the Council will make revenue provision of an appropriate amount.

7. **Investment Strategy to be followed in house**

7.1 To retain not less than one month’s average working capital (revenue) requirement in the current and instant access accounts giving immediate access.

7.2 Amounts representing the balance on Capital Receipts Earmarked Reserve at the beginning of the financial year may be placed on deposit of up to one year’s duration depending on the prevailing interest rates.

7.3 Any other funds may be placed on deposit of up to one year’s duration, depending on the prevailing interest rates and forecast cash flow requirements.

7.4 Suitably available funds may be placed for more than one year in CCLA’s LAPF, depending on cash flow requirements, up to a maximum of £2,000,000. See 4.2.

8. **End of year Investment Report**

8.1 During the budget process the RFO will report on investment forecasts.

8.2 At the end of the financial year, the RFO will prepare a report on investment activity.

**Adopted: March 2021**

**Review: March 2022**