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# INVESTMENT POLICY

**Policy Reference Number:** xxx

**Author:** Responsible Financial Officer

**Responsibility:** Policy and Resources Committee

**Grade:** Three - Low

**Date adopted:** 6<sup>th</sup> April 2021

**Review date:** Every 3 years – March 2024

**Amendments:**

## **1.0** Policy Outline

- 1.1 Shepton Mallet Town Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.
- 1.2 This policy complies with the requirements set out in the Guidance on Local Government Investments and Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2017 Edition and takes account of the Section 15(1)(a) of the Local Government Act 2003.

## **2.0** Policy Purpose

- 2.1 The purpose of this Policy is to enable the Council to review the level of Investments to ensure they meet the current and future needs of Shepton Mallet Town Council.

## **3.0** Investment Objectives

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

- 3.2 The Council's investment priorities are the security of reserves and liquidity of its investments.
- 3.3 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 3.4 All investments will be made in sterling.
- 3.5 The Department for Housing 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.
- 3.6 Where external investment managers are used, they will be contractually required to comply with the Policy.

#### **4.0 Specified Investments**

- 4.1 Specified Investments are those offering high security and high liquidity, made in sterling and with a maturing of no more than a year. Such short term investments made with the UK Government or a local authority or town parish council will automatically be Specified Investments.
- 4.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:
- Deposits with banks, building societies, local authorities or other public authorities
  - The debt management agency of HM Government Current investment is with the Bank of Ireland which provides a secure high yield at of interest.

#### **5.0 Non-Specified Investments**

- 5.1 These investments have greater potential risk – examples include investment in the money market, stock and shares.
- 5.2 Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.

#### **6.0 Liquidity of Investments**

- 6.1 The Responsible Finance Officer, in consultation with the Policy & Resources Committee, will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 6.2 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.

#### **7.0 Long Term Investments**

- 7.1 Long term investments are defined in the Guidance as greater than 36 months.

7.2 The Council does not currently hold any long term investments.

7.3 No long term investments are envisaged during the financial year 2020-21.

**8.0 End of Year Investment Report**

8.1 Investment forecasts for the coming financial year were accounted for when budget was prepared. At the end of the financial year the Responsible Finance Officer will report on investment activity to the Policy and Resources Committee.