

Truro City Council

BANKING & INVESTMENT STRATEGY 2018-19

1 Introduction

- 1.1 Truro City Council acknowledges the importance of prudently investing the monies under its control held on behalf of the community.
- 1.2 This Strategy complies with the revised requirements set out in the Office of the Deputy Prime Minister's *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* and takes account of the Section 15(1)(a) of the Local Government Act 2003.

2. Investment Objectives

- 2.1 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.*
- 2.2 The Council's investment priorities are the security of reserves and liquidity of its investments.
- 2.3 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 2.4 All investments will be made in sterling.
- 2.5 The Department for 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 Specified Investments

- 3.1 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 or parish council will automatically be Specified Investments.

4. Strategy

- 4.1 The Council shall continue to use a current account with the HSBC Bank for its day to day transactions. The bank is authorised to pay all cheques and act on other instructions for payment signed by the Council in accordance with its mandate. The Bank is also authorised to deliver any item held on behalf of the Council by the Bank in safe keeping against the written receipt or instruction of the Town Clerk; and accept the Town Clerk as fully empowered to act on behalf of the Council in any other transaction with the bank: and accept the Town Clerk as fully empowered on behalf of the Council to enter into at any time any agreement for or relating to electronic and/or telephone banking services. This account will on a day to day basis normally be managed with a credit balance. In the event that any day the account will be overdrawn the RFO will decide whether it is more

economic to transfer funds from the notice account immediately, incurring a penalty charge; or to arrange for a temporary overdraft facility. In any event the account will be put back into surplus at the earliest opportunity.

- 4.2 Surplus funds will be invested in the money market, in a Specified Investment. Alternatively, an investment may be made into the CCLA Public Sector Deposit Fund.

5 Non-Specified Investments

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

6 Liquidity of Investments

- 6.1 The Town Clerk 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 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 It is envisaged that the Council may receive monies for the maintenance on land acquired through a S106 planning agreement. It would be appropriate for such monies to be invested in a long term investment. If the money is received then the Council will consider the most appropriate investment.

8 End of Year Investment Report

- 8.1 Investment forecasts for the coming financial year were accounted for when the budget was prepared. During the financial year the amount the Council has invested will be reported at each meeting of the Finance & General Purposes Committee as part of the Management Accounts Report.

9 Review and Amendment of Regulations

- 9.1 This Strategy will be reviewed annually. The Annual Strategy for the coming financial year will be prepared by the Town Clerk and presented for approval at the Finance & General Purposes Committee.
- 9.2 The Council reserves the right to make variations to the Strategy at any time, subject to the approval of the full Council. Any variations will be made available to the public.