



Seaton Town Council Constitution

Chapter 26 Investment Policy

Marshlands Centre, Harbour Road, Seaton EX12 2LT
01297 21388
townclerk@seaton.gov.uk

1. Policy Background

- 1.1 Seaton Town Council's ('the Council') investment policy, and its associated strategy are conducted in accordance with:
- i) The Local Government Act 2003 ('the Act') and supporting regulations. This requires the Council to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
 - ii) The statutory guidance on local government investments (issued subsequent to the Act) which requires the production of an annual investment strategy and gives guidance on how this should be completed.
- 1.2 It is uncommon for a town council to hold investments other than in the form of easily accessible bank deposits or other short-term savings accounts. These are often used to maximise income from cash balances during the financial year.
- 1.3 The legislation and associated guidance does not apply to parish councils, where investments are not expected to exceed £100,000. However, for councils managing sums exceeding £100,000, the guidance is mandatory.

2. Definitions

- 2.1 **Investments** – all investments of more than 12 months in duration. This is treated as capital and all sums involved must be used for capital expenditure when the investment period ends.
- 2.2 **Treasury** – all cash deposits held in bank accounts which includes bonds of up to 12 months in duration.

3. Policy Objectives

- 3.1 The overriding policy objectives are:
- i) To invest prudently to ensure the security of the principal sums.
 - ii) To maintain liquidity in the portfolio to meet the Council's spending plans.
 - iii) To mitigate risk.
 - iv) To seek the optimum returns available whilst remaining consistent with the proper levels of security and liquidity.

4. Investment Policy

- 4.1 The Council will not hold funds other than in bank accounts or deposit bonds of 12 months or less in duration.
- 4.2 No investments will be made in stocks and shares

5. Treasury Policy

- 5.1 The Council will hold **all** its funds as cash deposits in banks accounts or bonds or in the CCLA Public Sector Deposit Fund
- 5.2 A business account will be maintained with sufficient funds for day-to-day transactions and to receive the precept and business income.
- 5.3 Council approval is required if a deposit is with an institution with which the Council does not already hold an account. The Responsible Financial Officer ('the RFO') has delegated authority to deposit funds with any of the Council's existing bankers and report this back to the Council.
- 5.4 A procedure for making a deposit can be found in Appendix A

Appendix A

Procedure for Deposits

- 1. The RFO to identify an appropriate deposit account or short-term bond with a financial institution that fits with the council's investment policy. Any bonds should be capital sum guaranteed.
- 2. Approval of the Council is sought, if the deposit is with a financial institution not currently used by the Council.
- 3. The RFO actions the opening of the account and the setting up of the bank mandate for Members to sign, in accordance with the Council's Financial Regulations
- 4. The RFO actions the deposit/transfer of funds
- 5. The transfer/deposit is reported to the Council
- 6. At the end of the fixed term the RFO has delegated authority to move the funds into another bond with the same financial institution or with another of the Council's bankers.

Procedure for Bank Transfers

- 1. Delegated authority is given to the RFO to make transfers between the accounts of the same bank without prior approval of the council.
- 2. Transfers between banks will follow normal payment procedure as detailed in the financial regulations
- 3. Details of all transfers to be provided to the Council with the monthly finance report.

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