KEYNSHAM TOWN COUNCIL INVESTMENT STRATEGY & POLICY

1.0 Introduction

Keynsham Town Council (the Council) acknowledges its responsibilities to community and the importance of prudently investing the temporarily surplus funds held on behalf of the community.

This Strategy complies with the revised requirements set out in the Office of the Deputy Prime Ministers Guidance on Local Government Investments and Chartered Institute of Public Finance and Accountancies, Treasury Management in Public Services, Code of Practice and Cross Sector Guidance Notes and takes account of the Section 15 (1) (a) of the Local Government Act 2003 and Best Practice from the National Association of Local Council's and CIPFA.

1.1 The Investment Strategy states which investments the Council may use for prudent management of its treasury balances during the financial year. The three guiding principles of the Council's Investment Strategy are in the objectives below maximise:

2.0 Policy Objectives

The general policy objective for the Council is the prudent investment of its treasury balances:

The Council's Investment priorities are:

(i) the security of reserves
(ii) the liquidity of its investments
(iii) finally, the yield on the investments
(iv) Subject to constraints seek to avoid unethical investments.

The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

For 2026 – 2027, the Council will invest in the Public Sector Deposit Fund as it has been identified as a low risk, high liquidity option. The Town Council will consider the potential performance of liquidity investments on an annual basis at the time that it reviews its Investment Strategy.

3.0 Specified Investments

3.1 All the Town Council's investments will be Specified Investments which are those offering high security and high liquidity. This means that:

(i) All investments will be made in sterling and any payments or repayments will also be made in sterling with a maturity of no more than 18 months.

(i) All investments will be made with a body or investment scheme which has been awarded a high credit rating by a credit rating agency.
(A high credit rating will be defined as 'BBB or above' 'High Credit Quality'.)

(ii) All non-long-term investments will be made in UK banks and building societies and limited per organisation/institution to the maximum amount protected under the financial services compensation scheme (currently £120,000)

(iii) Long term investments will be limited to a maximum of £120,000 and will be reviewed annually,

3.2 Credit Ratings will be monitored at quarterly intervals. If the credit rating falls during that period, the Town Clerk and Responsible Financial Officer (RFO) in consultation with the Chairman of the Town Council, will decide on the appropriate action.

3.3 For prudent management of its balances, the Town Council, maintaining sufficient levels of security and liquidity, will adopt a policy whereby funds which are likely to be surplus for up to three months can be invested in short term deposits with one or more of the UK major clearing banks and/or building societies.

(The Department of) Communities and Local Government maintain that borrowing of monies purely to invest, or to lend and make a return is unlawful and the Town Council will not engage in such activity.

A Credit Rating Agency is defined in the guidance as one of the following three companies:

Standard and Poor's; Moody's Investors Service Ltd; Fitch Ratings Ltd.

3.4 In order to do this, the Finance & Policy Committee will monitor quarterly cash-flow forecasts and make recommendations to Town Council in respect of an annual cash flow forecast to ascertain expenditure commitments for the coming financial year.

4.0 Liquidity of Investments

The Town Clerk and RFO, as instructed by the Finance & Policy Committee, will determine the period of time for which funds may prudently be committed and will operate the account along with the Chair of the Finance & Policy Committee.

An Investment should be regarded as commencing on the date the commitment to the investment is entered into, rather than the date on which the funds are paid over to the counterparty.

5.0 Review of and Amendments of the Strategy

5.1 The Town Clerk and RFO will review this strategy annually for presentation to the Finance & Policy Committee when annual estimates are being considered.

5.2 The Finance & Policy Committee may recommend variations of the strategy for approval by the Full Council in accordance with the guidance from the Secretary of State.

5.3 At the end of the financial year during the preparation of accounts the Town Clerk and RFO will also report on investment activity.

5.4 The Finance & Policy Committee will review the Town Council's banking arrangements every two years and make recommendations to the April Town Council meeting in the second and fourth years of the Council's term.

5.5 The Town Council will consider the placement of the Town Council's deposits one month before any bond matures.

Any variations to the strategy will be reported to the Council as and when they arise.

The Annual Investment Strategy must be reviewed annually and revised if considered necessary.

This Strategy is to be reviewed by the Finance & Policy Committee and Town Council at their meetings in May annually.

Amendment History

Paragraph	Detail	Committee or Town Council	Approval date
Original Adopted		Town Council	19th September 2017
Review of original		Town Council	14th March 2023
Original with amends	Adopted	Town Council	9th May 2023
Review		Finance and Policy Committee	11th June 2024
Review	Review/adoption	Town Council	18th June 2024
Review	Adoption	Town Council	20 Oct. 2026

Signed .....

Date.....201026.....

Chair of Council

Signed.....

Date.....20/10/2026.....

Town Clerk