



## INVESTMENT POLICY

### 1. Introduction

The strategy has been produced and complies with the guidance by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 and guidance notes produced by the Ministry of Housing, Communities and Local Government (MHCLG) in March 2021.

Romsey Town Council acknowledges its responsibility to the community and the importance of prudently investing the temporary surplus funds held on behalf of the community.

### 2. Objectives

- 2.1 The general policy objective for this Council is prudent investment of its balances. The Council's investment priorities are:
- the security of its reserves and
  - the liquidity of its investments and
  - the yield of its investment
- 2.2 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity and the ESG governance factors.

### 3. Policy

- 3.1 All the Town Council's investments will be Specified Investments which are those offering high security and high liquidity. This means that:
- a. All investments will be made in sterling, and any payments or repayments will also be made in sterling.
  - b. All investments will be with UK based banks and building societies
  - c. All investments will be limited to a maximum of £200,000 and will be reviewed annually
  - d. All investments must be for a period of 12 months or less,
  - e. All investments will be made with a body or investment scheme (including a Money Market Fund) which has been awarded a high credit rating, A with Moody's Investors Service or BBB with Standard and Poor's or Fitch Ratings Ltd.
- 3.2 Credit Ratings will be monitored to the scheduled Finance and Resources Committee Meetings. If the credit rating falls during that period, the Chief Officer, in consultation with the Town Council Chairman and Chairman of Finance & Resources, will decide on the appropriate action.
- 3.3 For prudent management of its balances, the Town Council, in order to maintain sufficient levels of security and liquidity, will adopt a policy whereby surplus funds can be invested on short term deposit with one or more UK banks and/or building societies

(including Channel Island branches of such UK banks or building societies) and/or Money Market Funds

- 3.4 The Government maintain that borrowing of monies purely to invest, or to lend and make a return is unlawful and Town Council will not engage in such activity.

#### **4. Responsible and Ethical Investment**

It is important that investments shall be made that meet the council's ethical standards. In order to manage reputational risk the Town Council will seek to avoid investing in organisations and schemes that might be regarded by our community and other stakeholders as unsuitable for a local government authority and will work to promote the incorporation of [environmental, social, and corporate governance factors \(ESG\)](#) into investment decision-making.

#### **5. Review and Amendment of the Strategy**

- 5.1 The Finance & Resources Committee will review this strategy annually for approval by the Full Council when annual estimates are being considered.
- 5.2 At each meeting of the Finance & Resources Committee the Chief Officer will provide a report on investment activity.
- 5.3 The Finance & Resources Committee may recommend variations of the strategy for approval by the Full Council in accordance with the guidance from the Secretary of State.
- 5.4 The Finance & Resources Committee will consider the placement of the Town Council's deposits one month before any bond matures and report to the Finance & Resources Committee at their next meeting.

**Adopted by RTC – 22.10.24**