

**Marazion Town Council**

**Annual Investment Strategy**

**2021 - 2022**

**Annual Investment Strategy Marazion Town Council**

**1 Introduction**

1.1 Marazion Town Council has a responsibility to wisely invest reserves and surplus funds which are not immediately required to meet expenditure.

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 Sect oral Guidance Notes and takes account of the Section 15(1) (a) of the Local Government Act 2003, best practice from the National Association of Local Councils, CIPFA and guidance contained in the Governance and Accountability for Smaller Authorities in England publication.

1.3 The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit, for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

**2 Investment Objectives**

2.1 In accordance with Section 15(1) of the Local Government Act 2003, Marazion Town 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 Investment priorities will be centred on the security of reserves whilst also providing sufficient ease of access and profit.

2.3 Any investment made will be in Sterling.

2.4 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 Marazion Town Council will not engage in such activities.

2.5 Where external investment managers are used, they will be contractually required to comply with the Strategy.

**3 Financial Investments**

3.1 Financial Investments fall into three categories: -

a) Specified Investments

b) Loans

c) Non-Specified Investments

3.2 **Specified Investments**

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.

3.3 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Marazion Town Council will use: -

1 Deposits with banks, building societies, local authorities, or other public authorities

2 The Debt Management Agency of HM Government

Marazion Town Council’s current investments are with Barclays Bank (current and deposit accounts) and the National Savings and Investments savings bank (NS&I). Should this change, the annual investment strategy will need to be re-adopted and approved by Full Council.

**4 Loans**

4.1 A local authority may choose to make loans to local enterprises, local charities, wholly owned companies, and joint ventures as part of a wider strategy for local economic growth. However, to do so is not financially prudent and is considered a financial high-risk activity for Marazion Town Council. Marazion Town Council will not engage in such activities.

**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, uncertainty and high risk surrounding such investments, Marazion Town Council will not use this type of investment.

**6 Liquidity of Investments**

6.1 The Full Council following advice from the Responsible Finance Officer, will determine the maximum periods for which funds may prudently be committed so as not to compromise ease of access.

**7 Risk**

7.1 The Town Council’s reserves are covered by the Financial Services Compensation Scheme up to £85,000 with any one institution and monies must therefore be carefully managed to mitigate the risk of losses.