TORPOINT TOWN COUNCIL

INVESTMENT STRATEGY

DATE: - September 2026

NEXT RENEWAL DATE: - June 2027

Reviewing Body: - Finance and Operations Committee

INVESTMENT STRATEGY

INTRODUCTION

Torpoint Town Council acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiscal duty.

This Strategy complies with the requirements set out in Guidance on Local Government Investments by the Department of Communities and Local Government in April 2010 (now known as the Ministry of Housing, Communities and Local Government).

This Strategy should be read in conjunction with the Council's Financial Regulations.

INVESTMENT OBJECTIVES

The Guidance on Local Government Investments takes into account Section 15 (1) (a) of the Local Government Act 2003 and guidance within Joint Panel on Accountability and Governance Practitioner's Guide (National Association of Local Councils NALC) (Latest version Published March 2025).

The Local Government Act 2003 states that a local authority may invest:
- for any purpose relevant to its functions under any enactment, or
- for the purpose of prudent management of its financial affairs.

The Council defines its treasury management activities as:
"the management of the Council's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks."

SECURITY, LIQUIDITY AND YIELD

A prudent investment policy will have two underlying objectives:
1. **Security** – protecting the capital sum invested from loss; and
2. **Liquidity** – ensuring the funds invested are available for expenditure when needed.

The generation of **yield** is distinct from these prudential objectives. Once proper levels of security and liquidity are determined, it will then be reasonable to consider what yield can be obtained consistent with these priorities.

The Council's investment priorities are as follows in order of priority:
1. Security of capital
2. Liquidity
3. Yield

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

- All investments will be made in sterling.
- The Department for Communities and Local Government maintains the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.
- The Council (delegated to the Finance and Operations Committee) will monitor the risk of loss on investments by review of credit ratings on a regular basis.
- The Council will only invest in institutions of high credit quality – based on information from credit rating agencies (as defined).

- Investments will be spread over different providers where appropriate to minimise risk. Significant changes in credit ratings (where applicable) will be reported to the Finance and Operations Committee and the Clerk and RFO will take action within delegated powers to protect Town Council assets.
- Where external investment managers are used, they will be contractually required to comply with the Strategy.

The Town Council provides specific training and CPD for treasury management as appropriate to the Council's requirements and circumstances.

POLICY
This strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks.

SPECIFIED INVESTMENTS
Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government or a Local Authority (as defined) or a Town/Parish Council will automatically be Specified Investments. The Council will only invest in institutions with high credit ratings from approved credit rating organisations (see above).

The Town Council for prudent management of its treasury balances may use
- Treasury Deposits with UK clearing banks
- Local Authorities or other Public Authorities
- Other approved public sector investment funds

The choice of institution and length of deposit will be at the approval of the Finance and Operations Committee. The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

LOANS
For the purposes of this strategy a loan is a written or oral agreement where a local authority temporarily transfers cash to a third party, joint venture, subsidiary or associate who promises to return it according to the terms of the agreement, normally with interest. This definition does not include a loan to another local authority, which is classified as a specified investment.

Statutory guidance indicates 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, even though those loans may not all be seen as prudent, if adopting a narrow definition of prioritising security and liquidity.

The guidance highlights local authorities can make such loans whilst continuing to have regard to this guidance if the council can demonstrate in its Strategy that:
- Total financial exposure to the loan is proportionate;
- The council have used an allowed "expected credit loss" model for loans and receivables as set out in International Financial Reporting Standard (IFRS) 9 Financial Instruments as adopted by proper practices to measure the credit risk of their loan portfolio;
- The council has appropriate credit control arrangements to recover overdue repayments in place; and
- The council has formally agreed the total level of loans by type that it is willing to make and their total loan book is within their self-assessed limit.

NON-SPECIFIED INVESTMENTS

A non-specified investment is any financial investment that is not a loan and does not meet the criteria to be treated as a specified investment. These investments have greater potential risk – examples include investment in the money market, stocks and shares.

LIQUIDITY OF INVESTMENTS

The Clerk and RFO in consultation with the Finance and Operations Committee will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

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.

LONG TERM INVESTMENTS

Long Term Investments are defined in the Guidance as greater than 36 months.
The Council does not currently hold any funds in long term investments but should it do so, this will be monitored by the Council's Financial Advisor (if any), the Clerk and RFO and Finance and Operations Committee.

END OF YEAR INVESTMENT REPORT

Investment forecasts for the coming year are accounted for when the budget is prepared. At the end of the financial year the Clerk and RFO will report on investment activity to the Finance & Operations Committee.

REVIEW AND AMENDMENT OF REGULATIONS

The Annual Investment Strategy must be reviewed annually and revised if considered necessary.
The Council reserves the right to make variations to the Investment Strategy at any time subject to the approval of Council.

APPENDIX 1

The Council currently invests finances with the following:

- Lloyds Banking Group using current business account.

- Public Sector Deposit Fund – CCLA Investment Management Ltd. invested £50,000 (31st March 2020) Current value as at 31st March 2026 is **£58,889.55.**

- Facility Agreement (Call Account) - Cornwall Council initial investment £100,000 (October 2018), a further investment of £50,000 (March 2019), a further investment of £50,000 (October 2023) – value as at 31st March 2026 is **£103,800.19.**

DATE	AMOUNT	DEPOSIT	WITHDRAWL
01/04/2025 (Opening balance)	224,764.61		
01/12/2025	232,716.93		
16/01/2026			100,000.00
31/01/2026	133,363.35		
30/03/2026			30,000.00
31/03/2026 (Closing balance)	103,800.19		
31/08/2026 (5 mths of financial yr)	106,142.83		