

# **SOUTH WOODHAM FERRERS TOWN COUNCIL**

## **ANNUAL INVESTMENT STRATEGY 2025-26**

### **Introduction:**

South Woodham Ferrers Town Council acknowledges the importance of prudently investing all funds held on behalf of the community by the Council.

The Town Council Investment Strategy complies (as appropriate) with the revised requirements set out in the Statutory Guidance on Local Government Investments (3<sup>rd</sup> Edition) issued by the Department of Communities and Local Government effective from 1 April 2018.

Investments under £10,000 are not subject to the Guidance but for investments between £10,000 and £500,000 the Council is required to make a formal decision on the extent to which it would be reasonable to adopt the Guidance either in part or in full. When making investments over £100,000, the Council is required to adopt the Guidance in full and to put an investment strategy into place.

### **Strategy:**

The South Woodham Ferrers Town Council has adopted the Secretary of State's Guidance in full.

In accordance with Section 15(1) of the Local Government Act 2003, the Council will, therefore, 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.

The Council's investment priorities are the security of reserves and liquidity of its investments.

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 that borrowing of monies purely to invest or to lend and make a return is unlawful and this Council will not engage in this activity.

The Council will monitor the risk of loss on investments by periodically reviewing credit ratings and will only invest in institutions with a high credit quality. Any reduction in credit rating will be reported to the Council and, if necessary, the Proper Officer will take appropriate action within delegated powers to protect Council assets.

If an external investment manager is used, he / she will be contractually required to comply with the Strategy.

The Council's Responsible Financial Officer will attend the EALC annual finance conference in order to remain up to date with financial regulations and requirements.

### Specified Investments:

Specified Investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than 12 months. Such short-term investments made with a body or investment scheme of high quality (including the UK Government or a local authority) will automatically be Specified Investments. The Council will only invest in institutions with a minimum 'A' rating from approved credit rating organisations and will aim to spread its capital assets amongst a range of appropriate institutions.

For the prudent management of its funds, maintaining sufficient levels of security and liquidity, the Council will use:

- Deposits with banks, building societies, UK Government or local authorities.

### Non-Specified Investments:

These investments have greater potential risk – examples include investment in the money market, stocks and shares – and professional investment advice may be required.

Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.

### Liquidity Investments:

The Responsible Financial Officer / Proper Officer 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 on which the commitment to invest is entered into rather than the date on which funds are paid over to the counterparty.

The Council does not currently hold any liquidity investments and no liquidity investments are currently envisaged.

### Long Term Investments:

All investments by local councils, other than in interest bearing bank and building society accounts, must be identified as long-term investment and treated as capital expenditure. Investments in longer term funds (in excess of 12 months) are by definition long term investments and, thus, deemed to be capital expenditure. Any investment in longer term funds should not exceed the surplus of cash balances above the Council's annual budgeted expenditure reduced by the annual precept.

The Council does not currently hold any long-term investments and no long-term investments are currently envisaged.

### Investment Report:

Investment forecasts for the forthcoming financial year are accounted for when the annual budget is prepared. Investments will be reviewed annually following a report from the Responsible Financial Officer to the Finance & Projects Committee.

### Review and Amendment of Regulations:

The Council's Investment Strategy will be reviewed annually and at other times as necessary. The Annual Strategy for the financial year will be prepared by the Responsible Financial Officer and presented to the Full Council.

Publication:

The Investment Strategy will be published and available in hard copy and on the Council's website.

**2025-26 Investment Plan**

Funds not required for immediate use will be invested in the Unity Trust Account, Unity Instant Access Account and Santander Business Savings Account.

Santander Interest rate is 3.23% annual gross (variable) paid monthly. Unity Instant Access Account is 2.75% Annual Equivalent Rate paid quarterly.

Both accounts are competitive with other providers and this spread assists in achieving a greater level of security in accordance with the Financial Services Compensation Scheme.

Existing surplus monies will remain invested in the Council's existing Unity Trust Bank Instant Access Account, as recommended by the Clerk/RFO and Finance & Projects Committee and ratified by Full Council, in order to yield a higher interest rate until such time as funds are required.

The Council and Clerk /RFO will review the situation on a regular basis as set out above and act as appropriate to deal with any changes in circumstances.

The Council may consider the use of monies in general reserves during the year, if required, for the delivery of the proposed extension/clubhouse building, subject to first having considered all available options for financing this project.

Given the limited availability / accessibility of High Street banking facilities and the current low level of interest rates, it is not anticipated that the use of private sector financial management advisers would benefit the Council.

The Officer responsible for dealing with Financial Management will attend conferences / training as offered by EALC and other appropriate bodies.