

# BURGESS HILL TOWN COUNCIL

## Financial Investment Policy

### 1. Introduction

- 1.1. This policy has been produced with regard to the guidance issued by the Secretary of State under section 15 (1) (a) of the Local Government Act 2003 and guidance notes produced by the Department for Communities and Local Government (DCLG) in March 2010.
- 1.2. Burgess Hill Town Council acknowledges its responsibility to prudently invest surplus funds held.
- 1.3. The Financial Investment Policy will fall under the remit of the town council's Finance Key Area Group.

### 2. Objectives

- 2.1 The general policy objective for this Council is prudent investment of its balances. The Council's investment priorities will be as follows:
  - a) **security** of its reserves to reduce exposure to failure, collapse and default of financial institutions,
  - b) **liquidity** of its investments to ensure the town council has the appropriate level of instant access funds to ensure the town council can meet its current and project expenditure commitments, and
  - c) **yield** of its investments to achieve the optimum return subject to a) security and b) liquidity.

### 3. Policies

- 3.1 All the Town Council's investments will be Specified Investments which are those offering high security and high liquidity:
  - 3.1.1 All investments will be made in sterling and any payments or repayments will also be made in sterling unless there is a substantive reason to make investments/payments in a non-sterling denomination. This to be agreed with the Finance KAG Chair beforehand.
  - 3.1.2 All investments will normally be for a period of 12 months or less, unless agreed otherwise and beforehand by the Finance Key Area Group.
  - 3.1.3 All investments will be made with a body or investment scheme which has been awarded a long-term credit rating at a minimum level of "A" from at least two of the major credit rating authorities\*\*.

3.2 Credit Ratings will be monitored by the Chief Executive Officer or the Responsible Finance Officer and should a financial institution's ratings, where the town council has funds, fall below the minimum rating, this will be reported to the Chair of the Finance Key Area Group and/or the full Finance Key Area Group should it be deemed appropriate.

\*\*A credit rating agency is defined as one of the following three companies; Standard and Poor's; Moody's Investors Services Ltd; Fitch Ratings Ltd.

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 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 High Street banks and/or building societies that comply with clause 3.1.3 of this policy.

3.4 The Ministry of Housing, 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.

#### **4 Review and Amendment of the strategy**

4.1 The Finance Key Area Group will review this strategy annually taking into consideration guidance from the Secretary of State.

4.2 The RFO to report annually to the Finance Key Area Group in regard to the status of investments.

January 2022