



## **HASLEMERE TOWN COUNCIL**

### **Investment Strategy 2023/27**

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

This Strategy complies with the revised requirements set out in the Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes and takes account of the Section 15(1)(a) of the Local Government Act 2003 and follows guidance in the Practitioners' Guide (2016) and MHCLG's Guidance on Local Government Investments. (Revised 2018).

#### **Investment objectives and practice**

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

- The Council's investment priorities are first the security of reserves, second the liquidity of its investments and thirdly the rate of return or 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.
- Normally investments will be short term with a maturity of 12 months or less.

The Department for Levelling Up Housing and Communities maintains that borrowing of monies purely to invest or to lend and make a return, is unlawful and Haslemere Town Council will not engage in such activity.

The Council will only invest in institutions of high credit quality or where, in its judgement a low level of risk is posed. Reference will be made will be made in the assessment of credit worthiness to the general economic and political environment in which institutions operate. All significant sources of information will be considered including information from the main credit rating agencies. Investments will be spread over different providers where appropriate to minimize risk. Where the Council is eligible for the FSCS the amount covered by that scheme (£85k in 2023) will be taken into account when considering any investment.

Significant changes in credit ratings will be immediately reported to the Chair of Finance and Governance and the Town Clerk/Responsible Financial Officer will take action within delegated powers to protect Town Council assets.

The investment position will be reviewed regularly by the RFO and annually by the Finance and Governance committee. If external investment managers are used, they will be contractually required to comply with the Strategy.

The Town Clerk/Responsible Financial Officer is the Council's designated person for investing on behalf of the Council and is authorised to deal with administrative matters and give instructions on behalf of the Council. Any investments created or returned must be linked directly to the Council's current account.

## **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 a body or investment scheme of high credit quality (including the UK Government or a local authority or town or parish council) will automatically be Specified Investments. For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:

- Deposits with banks, building societies, local authorities or other public authorities
- The CCLA Public Sector Deposit Fund – a mutual fund investing in appropriately rated institutions (see more detail at APPENDIX 1).
- Institutions permitted by specific legislation.
- Government Bonds

## **Non-specified investments**

These investments have greater potential risk – examples include investment in the money market, stock and shares. Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.

## **Liquidity of investments**

The Town Clerk/Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity. We are advised that best practice is to hold the average of 2/3 of general expenditure and 50% precept – around £

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 long term investments and no long term investments are currently envisaged.

## **End of year investment report**

Investment forecasts for the coming financial year are accounted for when the budget is prepared.

At the end of the financial year, the Town Clerk/Responsible Financial Officer will report on income from investment activity to Council.

## **Current investment plan**

The Town Council currently banks with Unity Trust Bank. The majority of funds not required for immediate use are currently in a number of accounts across other institutions, either in deposit accounts or fixed rate bonds. As the Bank of England Base rate has risen, interest rates are gradually increasing and this will be a factor when considering where to reinvest in the future. During the forthcoming year, the Council will keep under review its banking arrangements and whether a move to another provider is advantageous. In particular the Council should consider an investment with the CCLA Public Sector Deposit Fund which is not currently used.

With regard to the council's fixed term investments, any for more than one year is treated for accounting purposes as expenditure when opened and will be treated as income in the year it is repaid. This is in accordance with accounting rules for town councils.

The Town Council Clerk will make recommendations to the Finance and Governance committee should it be prudent for investments to change.

The Council has not identified the need to borrow monies in advance of specific spending needs for 2023/24, however, if required, borrowing approval would be sought from the Public Works Loan Board (PWLB).

Given the level of funds to be invested and the relatively low level of interest rates it is not anticipated that the use of private sector treasury management advisors would be utilised.

**Review and amendment of regulations**

The strategy will be reviewed at least once each Council term.

**Publication**

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

**March 2023**

# COIF Charities Deposit Fund

Rated AAAmmf by Fitch Ratings

## Fund Summary

as at the close of business on 13 April 2023

Launched March 1985 - A UK Charity Commission Common Deposit Fund managed as an Alternative Investment Fund

Under The Money Market Funds (Amendment) (EU Exit) Regulations 2019 is defined as a Short Term Money Market Fund following its LVNAV methodology

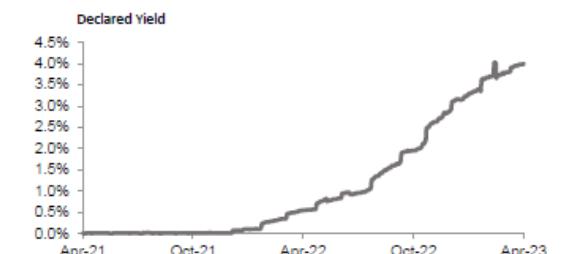
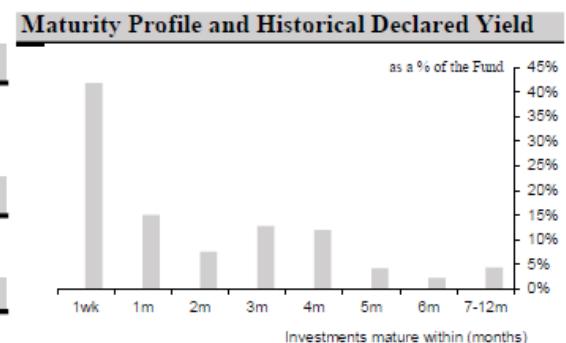
Total Deposits (Fund Size)	Yield on Deposits up to £15 mi	Yield on Deposits over £15 million	Shadow Value vs Total Deposits
£1,295,633,398	4.0040%	4.1040%	0.9998
Net Flow Today £ 354,354			

Credit Profile	Fund Duration (Days)
F1+ rated institutions	28.49% Weighted Average Maturity to Reset 51.02
F1 rated institutions	71.51% Weighted Average Maturity to Life 51.02

Using the EU LVNAV methodology the Shadow Value is	Liquidity O/N	1 week
£1,294,662,339	40.69%	41.84%

Top Ten Holdings
£125,000,000 Term Deposit 14/Apr/23
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£125,000,000 Term Deposit 14/Apr/23
£120,000,000 Term Deposit 14/Apr/23
£25,000,000 Certificate of Deposit 07/Aug/23
£22,000,000 Certificate of Deposit 21/Apr/23
£20,000,000 Certificate of Deposit 27/Apr/23
£20,000,000 Certificate of Deposit 02/May/23
£20,000,000 Certificate of Deposit 13/Jul/23
£15,000,000 Certificate of Deposit 21/Apr/23

Landesbank Baden-Wuerttemberg - GER  
 Nationwide Building Society - UK  
 Yorkshire Building Society - UK  
 DBS Bank Limited - SIN  
 Barclays Bank plc - UK  
 Mizuho Bank - JAP  
 Sumitomo Mitsui Trust Bank - JAP  
 Oversea Chinese Banking Corporation - SIN  
 MUFG Bank - JAP  
 National Bank of Canada - CAN



This document is issued for information purposes only. It does not constitute the provision of financial, investment or other professional advice. To ensure you understand whether our product is suitable, please read the key information document (KID) and the scheme particulars. CCLA strongly recommends you seek independent professional advice prior to investing. Under the Money Market Fund Regulations, the COIF Charities Deposit Fund is categorised as a short-term LVNAV Money Market Fund. **Depositing charities should note that making deposits in the COIF Charities Deposit Fund is not the same as making a deposit with a bank or other deposit taking body and is not guaranteed.** Although it is intended to maintain a constant net asset value, there can be no assurance that it will be maintained. The COIF Charities Deposit Fund does not rely on external support for guaranteeing the liquidity of the fund or stabilising the net asset value. The risk of loss of principal is borne by the depositing charity. Holdings are subject to change. Past performance is not a reliable indicator of future results. The value of investments and the income derived from them may fall as well as rise. Investors may not get back the amount originally invested and may lose money. Investment in the COIF Charities Deposit Fund is only available to charities within the meaning of section 1(1) of the Charities Act 2011. The COIF Charities Deposit Fund is approved by the Charity Commission as a Common Deposit Fund under section 25 of the Charities Act 1993 (as has been replaced by the Charities Act 2011) and is an Unregulated Collective Investment Scheme and an unauthorised Alternative Investment Fund. Issued by CCLA Investment Management Limited, authorised and regulated by the Financial Conduct Authority.

a) Common Deposit Fund is a deposit-taking charity which accept deposits from depositing charities and places the money in the Sterling money market. The pooling of such money can secure a higher rate of interest for the depositing charities than each charity would otherwise obtain if making a deposit individually. **Deposits in Common Deposit Funds are not the same as a bank deposit and are not guaranteed.**

b) Alternative Investment Fund (AIF) is any collective investment undertaking which raises capital from a number of investors with a view to investing it in accordance with a defined investment policy for the benefit of those investors/depositors.

c) LVNAV is defined as a low volatility net asset value fund. A LVNAV MMF means the Fund complies with the specific requirements of the EU Money Market Fund Regulation 2017/1131.

d) Total Deposits is the deposited sum from all Depositing Charities in the Fund.

e) Shadow Value is the value of the Fund's underlying assets.

f) Shadow Value versus Total Deposits - This is the comparison of the Shadow Value relative to the Total Deposits, there is usually a small variance between the two. This is because the Fund invests in assets that have been determined as high quality and their value, in normal market conditions, do not move very much. It must stay within a range of 0.998 and 1.002. As an example, within that range, a Depositor with £10,000, that deposit would be valued at £10,000. In the unlikely event of extreme market stress if the shadow value was over or under 0.2% of the Total Deposits, the value of the Depositor's deposit would change; if above the range, then the £10,000 will be valued over £10,020; below, then it would be worth less than £9,980.

g) Credit Profile - the assets held must meet CCLA's definition of high credit quality and also have the highest short term credit rating from the rating agency, which is either F1+ or F1 or equivalent.

h i) Fund Duration - WAMr stands for 'Weighted Average Maturity to Reset' and is used as an indication of interest rate risk, maximum permitted is 60 days

h ii) Fund Duration - WAMI stands for 'Weighted Average Maturity to Life' and is used as an indication of credit risk, maximum permitted is 120 days

j) Liquidity - The Fund must hold sufficient liquidity to meet depositor demands. The minimum requirement is for 10% of the fund maturing within 1 day (O/N), and 30% within five business days (1 week).

k) Declared Yield means the interest applying to the deposited sums on a particular day. Example on a deposit of £10,000 at a Declared Yield of 0.5%, the interest earned for one day would have been £0.14 (14 pence).