

SALISBURY
CITY COUNCIL



INVESTMENT STRATEGY 2024

Policy	Version	Owner	Doc	PDF	Date Published	Review Due	Review Team
	10	RFO					
FP002	9	RFO	89429		7 Mar 23	Mar 24	Finance
FP002	8	RFO	77905		29 June 20	Mar 21	Finance
FP002	7	RFO	68954	71002	12 Mar 19	Mar 20	Finance
FP002	6	RFO	62611	62787	25 Sep 17	Sept 18	Finance
FP002	5	RFO	56808	57613	26 Sep 16	Sept 17	Finance
FP002	4	RFO	50804	51628	13 July 15	July 16	Finance
FP002	3	RFO	36298	44719	19 Mar 12	March 14	Finance
FP002	2	RFO	35486		09 Nov 09		
FP002	1	RFO	00675		15 June 09		

V10 approved at meeting of Full Council on 4 November 2024

1. General

1.1 Salisbury City Council (the Council) acknowledges the importance of prudent investment of treasury funds through adherence to the Statutory Guidance on Local Government Investments (3rd Edition) issued under section 15(1)(a) of the Local Government Act 2003, effective from 1 April 2018 {see *footnote*}.

1.2 This Strategy should be read in conjunction with the Council's Financial Regulations and Internal Financial Controls.

1.3 This Strategy sets out the requirement to achieve the prudent management of treasury balances throughout the financial year.

1.4 This Strategy sets out to balance its investments with the Council's duty to manage daily revenue expenditure alongside an affordable capital programme.

2. Investment Objectives

2.1 Under Section 12 of the 2003 Act, a local authority has the power to invest for "any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs".

2.2 The policy of the Council is to ensure that its investments contribute to the objectives of the local authority and its functions, through effective treasury management activities and the prudent management of its finances. The policy will adhere to the principle of the two underlying objectives of:

- Security – protecting the capital sum invested from loss; and
- Liquidity – ensuring the funds invested are available for expenditure when needed.

2.3 The generation of Yield is distinct from these prudential objectives, such that once proper levels of security and liquidity are determined, it is then reasonable to consider what yield can be obtained consistent with these underlying objectives.

2.4 The Responsible Finance Officer (RFO), will determine which period investments and/or money market investments can be prudently committed to and shall risk assess fixed term investments. The RFO may also, with due consideration to the economic climate, the Council's current resources and liquidity, its expenditure commitments and contingencies, determine that none of the Council's balances can be prudently committed to fixed term or longer-term investments.

Footnote:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf

3. Financial Investments

3.1 Financial investments can fall into one of three categories:

- Specified investments;
- Loans; and
- Other Non-specified investments

3.2 A specified investment, as provided in paragraph 31 of the Statutory guidance, is one where:

- The investment and any payments in the respect of the investment are in sterling.
- The investment is not long term, such that the local authority has contractual right to repayment within 12 months.
- The making of the investment is not defined as capital expenditure by Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- The investment is made with a body or investment scheme of “high credit quality” or the United Kingdom Government, a local authority (as defined in section 23 of the 2003 Act) or a parish council or community council.

3.3 The Council currently invests in:

- Bank deposit accounts of “high credit quality” from instant access up to twelve months in term.
- The Public Sector Deposit Fund, a UK FCA Qualifying Money Market Fund managed by the CCLA, one of the UK's largest charity fund managers.

3.4 The Council has in place one specified investment.

3.5 A loan, as provided in paragraph 33 of the Statutory guidance, is one where:

- 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.

3.6 Due to loans however not necessarily being seen as prudent in terms of prioritising security and liquidity, the Council will not enter into this type of investment.

3.8 A non-specified investment, as provided in paragraphs 35 and 36 of the statutory guidance are where:

- The investment is not a loan and does not meet the criteria to be treated as a specified investment.
- Procedures are set out determining which categories of investments may be prudently used, and as being defined as suitable for use.
- State the upper limits for the maximum amounts both individually and cumulatively that may be held in each identified amount and for the overall amount held in non-specified investments.

- 3.7 Examples of non-specified investments include stocks and shares and similar instruments where the value of the principal may fall as well as rise, which have greater potential risk. Given the unpredictability and uncertainties surrounding such investments, the Council will not enter into this type of investment.
- 3.8 Money market investments are a non-specified investment which provide a guaranteed rate of return for a specified period without any risk to the principal. They offer great flexibility as well as security, and can be scheduled to ensure liquidity. The maximum individual amount should not exceed £1,000,000; the maximum aggregate amount should not exceed £3,000,000 (which would be for short periods of months on receipt of the precept).
- 3.9 (The RFO has trialled the use of this type of investment in 2024 and they have performed well.)

4. Council Investments

- 4.1 The Council holds its day-to-day funds in a non-interest bearing business current account at a leading high street bank. This account is maintained at a balance adequate and appropriate to service the Council's income and expenditure requirements. It should be noted that bi-annually, following receipt of the half yearly precept payment from the Unitary Authority, material funds will be held in this account.
- 4.2 The Council holds one specified investment in the form of funds in the Public Sector Deposit Fund, which is a variable term, variable interest investment vehicle that facilitates flexibility in investments and withdrawals within a 48 hour period.

5. Review of the Strategy

- 5.1 This Investment Strategy will be reviewed triennially and reported to Full Council.
- 5.2 As part of this 2024 biennial review, the Council will consider best value, based on an examination of the two underlying objectives of security and liquidity, with further consideration of yield, of the Council's current specified investments.

Responsible Finance Officer
Salisbury City Council
The Guildhall
Market Place
Salisbury
Wiltshire
SP1 1JH

Tel: 01722 342860

Email: finance@salisburycitycouncil.gov.uk