



BRACKLEY TOWN COUNCIL

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# Investment Strategy Policy

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## **1. Purpose and Scope**

- 1.1 This policy sets out how Brackley Town Council will manage and invest its funds responsibly, in accordance with statutory guidance and best practice. It applies to all investment activities undertaken by the Council and aims to safeguard public funds while supporting long-term financial sustainability. The policy complies with the Statutory Guidance on Local Government Investments (3rd Edition) issued under section 15(1)(a) of the Local Government Act 2003. An investment strategy is required for all investments expected to exceed £100,000 at any time during the financial year.

## **2. Objectives**

- Security: Protect public funds through regulated, low-risk investments.
- Liquidity: Ensure immediate access to cash for operational needs.
- Yield: Achieve a competitive return within acceptable risk parameters.

## **3. Strategy Overview**

- Maintain a minimum balance of £85,000 in the Council's current account for day-to-day expenditure and emergencies.
- Invest surplus reserves in the CCLA Public Sector Deposit Fund (PSDF), which offers high security, daily liquidity, and competitive yields compared to standard deposit accounts.
- The Responsible Financial Officer will monitor cash flow and manage transfers between accounts, reporting monthly to the Finance Committee.
- Quarterly reviews will ensure compliance and performance monitoring.

## **4. Risk Management**

### **4.1 Fund Structure & Regulation**

The PSDF is a short-term, low-volatility LVNAV Money Market Fund regulated under UK MMF rules and AIFMD.

### **4.2 Client Money Safeguards**

Assets are held by an independent depository (HSBC Bank plc), ensuring segregation from CCLA's own assets.

### **4.3 Credit Quality & Diversification**

Investments are limited to sterling-denominated deposits with a minimum 'A-' rating. Fitch credit factor: 1.24, well within AAmmf requirements ( $\leq 1.5$ ). Broad diversification across high-quality banks limits exposure per institution.

#### 4.4 Liquidity & Maturity Controls

Weighted average maturity  $\approx$  57 days; WAL  $\leq$  120 days. Liquidity:  $\sim$ 38% available overnight,  $\sim$ 44% within one week. Fitch confirms compliance with AAAMmf thresholds:  $\geq$ 10% daily,  $\geq$ 30% weekly liquidity.

#### 4.5 External Validation

Fitch reaffirmed AAAMmf rating on 6 December 2024, citing strong credit quality, conservative maturity limits, and robust liquidity buffers.

### 5. Sustainable Investment Commitment

- 5.1 Brackley Town Council recognises the importance of aligning investments with environmental, social, and governance (ESG) principles. The CCLA PSDF integrates sustainability by screening counterparties for ESG risks and responsible banking practices, supporting CCLA's stewardship approach, and engaging with institutions on climate risk and governance standards. The Council will review CCLA's sustainability reporting annually and consider ESG performance as part of its investment decision-making process.

### 6. Reporting & Transparency

- Quarterly performance updates to the Finance Committee.
- Annual investment report to Full Council.
- Publish a summary on the Council website for public transparency.

### 7. Objectives Summary

Objective	Description
Security	Protect public funds through regulated, low-risk investments.
Liquidity	Ensure immediate access to cash for operational needs.
Yield	Achieve a competitive return within acceptable risk parameters.

## 8. Strategy Overview Summary

Action	Details
Operational Liquidity	Maintain a minimum balance of £85,000 in the Council's current account.
Reserve Investment	Invest surplus reserves in the CCLA Public Sector Deposit Fund (PSDF).
Transfers & Monitoring	Responsible Financial Officer monitors cash flow and reports monthly.
Quarterly Reviews	Finance Committee ensures compliance and performance.

## 9. Risk Management Summary

Risk Area	Controls
Fund Structure & Regulation	PSDF is a short-term LVNAV Money Market Fund regulated under UK MMF rules and AIFMD.
Client Money Safeguards	Assets held by HSBC Bank plc, segregated from CCLA's own funds.
Credit Quality & Diversification	Minimum A- rating, Fitch credit factor 1.24, broad diversification.
Liquidity & Maturity Controls	WAM $\approx$ 57 days, WAL $\leq$ 120 days, strong daily/weekly liquidity.
External Validation	Fitch AAmmf rating reaffirmed December 2024.

## 10. Sustainability Commitment Summary

Principle	Implementation
ESG Screening	Counterparties assessed for environmental, social, and governance risks.
Stewardship	Active engagement with institutions on climate risk and governance standards.
Annual Review	Council reviews CCLA sustainability reporting and considers ESG performance.