



## AXMINSTER TOWN COUNCIL

**Reviewed and approved by Strategy & Finance Committee meeting held on 23<sup>rd</sup> February 2026**

### **INVESTMENT AND BORROWING STRATEGY (POLICY) (APPROVED)**

This strategy (and policy) outlines Axminster Town Council's investment of reserves and deposits. Town Council investments are managed by the Responsible Financial Officer (RFO) and all investments are approved by Full Council. The Town Council earmarks reserves as part of the annual budgeting process. Council's balances are monitored by the RFO throughout the year. The Council will ensure it has adequate (though not excessive) cash resources, overdraft or standby facilities to enable it **at all times** to have the level of funds available which are necessary for the achievement of its service objectives and to service its day-to-day budgeted expenditure. Investment Strategies approved after 1 April 2018 must also be in line with the Government's "Statutory Guidance on Local Government Investments" which in particular includes much detail on the provision of loans.

*The creation and review of this Investment (P&B) Strategy is an integral part of the Town Council's Annual Risk Management and Assessment protocol.*

#### **PART A: INVESTMENT STRATEGY**

- i) To balance investing to achieve the best possible income return against the fundamental requirement to avoid any capital losses or failed deposits which could pose a risk to the Council's financial solvency and subsequent ability to deliver services to the residents of Axminster.
- ii) The Council will seek to ensure that investment income is consistent one year to the next.
- iii) Whilst making investments, due regard will be given by the Town Council to the performance and the reputation of the investment organisation/deposit institution.
- iv) If (or when) external investment managers are used, they will be contractually required to comply with this Strategy.
- v) As a Local Authority with an income and expenditure turnover which presently exceeds €500,000, Axminster Town Council is NOT covered by the provisions and safeguards of the Financial Services Compensation Scheme (FSCS). Therefore, Council must be mindful of the need to invest/deposit across multiple financial institutions to minimise risk of institution failure albeit there is no longer any protection under FCA "per institution" limits of £85,000. *Please note: It can be difficult to find suitable High Street financial institutions willing to accept deposits from Smaller Local Authorities, so research will be ongoing. Due regard must be given to the Local Authorities (Capital Finance) (Approved Investments) Regulations 1990 as amended.*

## **PART B: INVESTMENT POLICY**

Axminster Town Council will:

- i) Consider the need for access to surplus funds, so balancing a reasonable timescale for recall against a beneficial interest rate. This is to prioritise the security of reserves followed by the liquidity of investments
- ii) Place any other funds on deposit of up to five years, depending on the current interest rates, available balances and forecast cash flow requirements of the Town Council.
- iii) Ensure that all investments are made in sterling with UK registered institutions only, and those institutions providing investment products within the Insignis FCA regulated “bare” trust investment platform.
- iv) Ensure that funds only to be deposited or invested with/in:
  - a) UK clearing banks or their subsidiaries, together with those former major building societies which are now banks and it those it defines as high quality, ie: a credit rating of A with Moody’s Investors Service or BBB with Standard and Poor’s including those financial institutions who are participants in the Insignis Deposit Platform (a “bare” trust financial investment mechanism regulated by the FCA)*
  - b) Other UK Financial institutions (including financial institutions accessible via Insignis platform)*
  - c) UK Government stocks/gilts*
  - d) UK Local Authority stocks or bonds*
  - e) Other recognised funds specifically targeted at the Public Sector*
- v) Give due consideration to investments and alternatives in advance of maturity dates for all investments.
- vi) The choice of institution and length of deposit will be at the discretion of the Strategy and Finance Committee, although they may feel it appropriate for such decisions to be made by the FULL Council. In any case, the RFO will be expected to provide a summary report on the reasons for, and the implications of, any such investment.

## **PART C: BORROWING STRATEGY/POLICY**

Axminster Town Council undertakes that:

- i) Any decisions to borrow money would be made by resolution of the Full Council only; such a decision may not be delegated to a committee, Chair of committee/Council or an officer of the Council.
- ii) The Public Works Loan Board would be the preferred source of borrowing,
- iii) Other channels of borrowing may be acceptable if approved by Council’s auditor as appropriate.
- iv) Any proposal considered by the FULL Council to borrow money MUST be accompanied by a comprehensive business case from the RFO including, but not limited to, repayment proposals, rates of interest, borrowing term, borrowing purpose, security to be provided, early repayment options and any other matters that would affect the financial sustainability and governance of the Council.

### **End of Year Investment Report**

At the end of each financial year, the RFO will present a report to FULL Council on the investment activity to date and report upon the amount of reserves held, and where those specific investments and deposits are held (and the maturity/deposit terms applicable if so required) together with any reports (incl. statements) from financial institutions and/or investment platforms.

### **Review and Amendment of Regulations**

This Strategy will be reviewed annually by the Strategy & Finance Committee.

The Committee reserves the right to make variations to this Strategy at any time, subject to the approval of the FULL Council in conjunction with any necessary and appropriate revisions to the Council's extant and approved Financial Regulations.

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