Investment Strategy

Lostwithiel Town Council

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Revised February 2014 and Re-approved 19 January 2016

Introduction

1.
The Investment of surplus funds by local authorities is governed by the Local Government Act 2003, section 15(1)(a) and Guidance issued by the Secretary of State under that Act.

2.
Investments below £10,000 are not subject to the Guidance but for investments between £10,000 and £500,000 the council is required to make a formal decision on the extent to which it would be reasonable to adopt the Guidance either in part or in full.

3.
The Guidance recommends that a council produces an Annual Investment Strategy which sets out its policy for managing the investments and giving priority to the liquidity and security.

4.
A 'Specified Investment' is one which is made in sterling, is not long term (less than 12 months) not defined as capital expenditure and is placed with a body which has a high credit rating or made with the UK Government, a UK Local Authority or a parish or community council.

5.
Any other type of investment is considered 'Non Specified Investment' to which there can be greater risk and where professional investment advice might be required.

6.
Local authorities should keep strategies simple and maintain prudence at all times.

Strategy

Lostwithiel Town Council (the Council) has adopted the following Investment Strategy:

1.
The Council acknowledges the importance of prudently investing its temporary surplus funds held on behalf of the community.

2.
The Council's priorities will be centred on the security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed) of its reserves.

3.
Adopt the Secretary of State's Guidance in relation to council investments in full (Department for Communities & Local Government "Guidance on Local Government Investments" 2nd Edition dated 11 March 2010).

4.
Carry out an annual cash flow forecast to ascertain expenditure commitments for the coming financial year.

5.
On the basis of that cash flow forecast, to invest only in:

- 'Specified Investments' or in
- 'Non- Specified Investments' including longer term investment i.e. 12 months or more but which still offers the greatest security
- bodies with high credit ratings.

6.
To review investments quarterly.