



Investment Strategy

Lostwithiel Town Council

Approved 27 October 2020 Minute ref. 139/20

Introduction

Lostwithiel Town Council acknowledges its responsibility to the community and the importance of prudently investing reserves held by the Council.

This Strategy complies with the revised requirements set out in the Department of Communities and Local Government Statutory Guidance on Local Government Investments issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 01 April 2018.

The guidance applies to all local authorities in England and applies to Town & Parish Councils providing their total investments exceed or are expected to exceed £100,000 at any time during the financial year. Where total investments are expected to be between £10,000 and £100,000 Councils are encouraged to adopt the key principles in this guidance.

Investments made by local authorities can be classified into one of two main categories -

- Investment held for treasury management purposes and
- Other investments

Where local authorities hold treasury management investments, they should apply the principles set out in the Treasury Management Code. They should disclose that the contribution that these investments make to the objectives of the local authority is to support effective treasury management activities. The only other element of this Guidance that applies to treasury management investments is the requirement to prioritise Security, Liquidity and Yield in that order of importance.

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.

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.

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.

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

Objectives

The policy objective is the prudent investment of the Council's balances.

Investment priorities are:

- Security – protecting the capital sum from loss
- Liquidity – keeping the money readily available for expenditure when needed then
- Yield – return on investment

The Council's aim is to achieve the optimum return commensurate with proper levels of security and liquidity.

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" 3rd Edition).

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.

Review

This Investment Strategy shall be reviewed annually.

Any revisions to this Strategy shall be approved by Full Council prior to the commencement of a new financial year.

If no revisions are recommended, Full Council shall note the policy annually.