



Okehampton Town Council

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## Investment Policy

### **Introduction**

Okehampton Town Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community. The Council's investment priorities are firstly the security of reserves and then liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

This strategy complies with the revised requirements set out by the Secretary of State for communities and Local government under Section 15(1)(a) of the Local Government Act 2003 which came into effect on the 1<sup>st</sup> April 2010. In accordance with Section 15(1) of the 2003 Act, the Council will have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify.

Investments below £10,000 are not subject to the Guidance but where the investments at any time during a financial year are anticipated to exceed £10,000 but not £500,000; the Council is required to make a formal decision on the extent to which it would be reasonable to adopt the Guidance in part or in full.

The Guidance recommends that a council produces an Annual Investment Strategy which sets out its policy for managing the investments and giving priority to their security and liquidity, but that potential revenue should not be ignored. The Secretary of State recommends that the strategy should be approved by the full council before the start of each financial year, however it may be revised with the approval of the full council at any point during the financial year. The strategy is the responsibility of the full council.

A 'Specified Investment' is one which is made in sterling, is not long term (12 months or less), not defined as capital and is placed with a body which has a high credit rating with a recognised credit agency being one of Standard and Poor's, Moody's Investment Services Ltd, or Fitch Ratings Ltd, or made with the UK Government, a UK Local Authority or a parish or community council. Banks must hold a current UK Banking Licence. Monies may also be invested in NS&I products as NS&I are part of the UK Treasury department.

Any other type of investment is considered to be a 'Non-Specified Investment' to which there can be a greater risk and where professional investment advice might be required. - examples include investment in the money market, stocks and shares.

Given the unpredictability and uncertainties surrounding investments in the money market, stocks and shares, the Council will not generally invest in this type of investment.

The Council should keep its strategy simple and maintain financial prudence at all times.

## **Strategy**

The Council agrees to:

In accordance with Section 15 (1) of the 2003 Act the Council will have regard to such guidance as the Department of Communities and Local Government (CLG) may issue on behalf of the Secretary of State.

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

On the basis of the cash flow forecasts, to invest only in:

- a) 'Specified Investment'
- b) 'Non-specified Investment' providing the only reason they are not a 'Specified Investment' is that the investment is for a longer period than 12 months and no longer than 36 months.
- c) Bodies with high credit ratings with recognised credit agencies.

At the end of the financial year the Responsible Financial Officer will prepare a report on investment activity to the Policy and Resources Committee.

The Ministry of Housing, Communities and Local Government maintains that the borrowing of monies purely to invest, or lend and make a return, is unlawful and this Council will not engage in such activity.

The Strategy will be reviewed annually. The Council reserves the right to make variations to the Strategy at any time, subject to the approval of the full Council.

The Policy and Resources Committee has the delegated authority to consider and make investments in accordance with the Investment Strategy. These investments will be reported to Full Council.