



INVESTMENT STRATEGY

TOTNES TOWN COUNCIL

October 2015

Totnes Town Council acknowledges the importance of investing any temporary surplus funds held on behalf of the community in a prudent manner. The Council will aim to achieve, first and foremost, security and liquidity whilst seeking the optimum return on its investments commensurate with proper levels of security and liquidity.

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 Department for Communities and Local Government (DCLG) on behalf of the Secretary of State under that Act.

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.

The Guidance recommends that a council produces an Annual Investment Strategy which sets out its policy for managing the investments and giving priority to liquidity and security, but acknowledging that potential revenue should not be ignored. It is recommended that this Strategy be approved by the Full Council annually.

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.

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

Strategy

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

In accordance with Section 15 (1) of the 2003 Act the Council will have regard to such guidance as DCLG may issue on behalf of the Secretary of State.

The Council will carry out an annual cash flow forecast to ascertain expenditure commitments for the coming financial year. On the basis of that cash flow forecast, the Council will 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 or in
- Bodies with high credit ratings with recognised credit agencies.

The Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity. Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the counterparty.

DCLG 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 Council will review this Strategy annually and reserves the right to make variations to the Strategy at any time, subject to the approval of Full Council.

The Council's Investment Strategy will be published on its website.