

Kingsbridge Town Council

Investment Strategy

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. The guidance applies to Kingsbridge Town Council should total investments exceed or are expected to exceed £100,000 at any time during the financial year. Where the expectation is for total investments to be between £10,000 and £100,000 it is encouraged to adopt the principles in the Guidance.
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 their liquidity and security.
4. A 'Specified Investment' is one which is made in sterling, is not long term (right to repayment within 12 months), not defined as capital expenditure and is made with a body or investment scheme described as high quality, 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.

Strategy

Kingsbridge 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 Kingsbridge community.
2. The Council's priorities will be centred on the security (protecting the capital sum invested from loss) and then liquidity (ensuring the funds invested are available for expenditure when needed) of its investments.
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 updated February 2018).
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'
 - '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.

Reviewed by Finance Committee 24 July 2018