



## **Investment Policy**

### **1. Introduction**

1.1 The strategy has been produced and complies with the guidance issued by the Secretary of State under section 15 (1) (a) of the Local Government Act 2003 and guidance notes produced by the Department for Communities and Local Government (DCLG) in March 2010.

1.2 Tidworth Town Council (TTC) acknowledges its responsibility to the community and the importance of prudently investing the temporary surplus funds held on behalf of the community.

1.3 The current statutory Community and Local Government (CLG) Investments Guidance Note came into force on 1 April 2010 and is appended to this document.

1.4 The Guidance Note makes distinction between investments that are: a) high security and high liquidity (specified investments); and, b) those with potentially greater risks and lower liquidity (non-specified investments)

1.5 This strategy is prepared with regard to the appended guidance and in accordance with Council's Financial Regulations

### **2. Investment Objectives**

2.1 TTCs priorities will be centred on the security of reserves (protecting the capital sum from loss) and then liquidity of its investments (keeping the money readily available for expenditure when needed).

2.2 All investments will be made in Sterling.

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

### **3. Specified Investments**

3.1 Specified Investments are, by definition in the Guidance note, those offering high security and high liquidity, made in Sterling and with a maturing of no more than a year. Such short term investments made with the UK Government or a local authority to Town/Parish Council will automatically be Specified Investments, as will those with bodies or investment schemes of "high credit quality "

3.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:



- Deposits with UK banks, UK building societies, UK local authorities or other UK public authorities
- The debt management agency of HM Government

#### **4. Non-Specified Investments**

4.1 These investments have greater potential risk - examples include investment in the money market, subordinated bonds from banks, permanent interest-bearing shares from building societies and corporate stocks and shares.

**Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.**

#### **5. Liquidity of Investments**

5.1 Subject to retaining no less than three months' average working capital requirement in current and deposit accounts giving immediate access, the Town Clerk, as the Council's Responsible Financial Officer, will determine the amounts and maximum period for which funds may be prudently invested, in accordance with paragraph 3 above, so as not to compromise liquidity. This will be presented to the Leadership Committee for approval.

5.2 Any investments will be reviewed quarterly by the Leadership Committee.

#### **6. Long-term Investments**

6.1 Long term investments are defined in the Guidance note as greater than 12 months and it requires that, should any Council wish to invest for periods greater than 12 months, it must identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums.

#### **7. End of Year Report**

7.1 Investment forecasts for the coming financial year will be accounted for when budget is prepared. At the end of the financial year, the Town Clerk will report on investment activity to the Leadership Committee.

#### **8. Review of this Strategy**

8.1 The Investment Strategy shall be reviewed annually by the Leadership Committee and approved by full Council before the commencement of a new financial year.

8.2 Council shall be able to amend or make variations to the Strategy at any time.

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**(Print Name)** \_\_\_\_\_

**Chair Tidworth Town Council**