



LOOE TOWN COUNCIL

INVESTMENT POLICY AND STRATEGY

1. Introduction

- 1.1 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.
- 1.2 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.
- 1.3 The Guidance recommends that a council produces an Annual Investment Strategy which sets out its policy for managing the investments and giving priority to the liquidity and security.
- 1.4 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.
- 1.5 Local authorities should keep strategies simple and maintain prudence at all times.

2. Policy

- 2.1 It is the policy of Looe Town Council that it will adopt the Secretary of State's Guidance in relation to council investments in full (Department for Communities & Local Government "Guidance on Local Government Investments" 2nd Edition dated 11 March 2010). In implementing the Secretary of State's Guidance the Town Council will adopt the following strategy:

3. Strategy

- 3.1 The Town Council acknowledges the importance of prudently investing its temporary surplus funds held on behalf of the community.
- 3.2 Its 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.
- 3.3 It will carry out an annual cash flow forecast to ascertain expenditure commitments for the coming financial year.
- 3.4 On the basis of that cash flow forecast, the Town 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 offer the greatest security
 - bodies with high credit ratings.
- 3.5 The Town Council will review investments quarterly.

Adopted by Looe Town Council 13 November 2015