

STALBRIDGE TOWN COUNCIL INVESTMENT POLICY

Stalbridge Town Council (the Council) acknowledges the importance of prudently investing any surplus funds held on behalf of the community.

1. Introduction

1.1 This Strategy has been produced in accordance with Guidance issued by the Secretary of State under Section 15(1) (a) of the Local Government Act 2003.

1.2 The Local Government Act 2003 states that a local authority may invest:

- For any purpose relevant to its functions under any enactment
- For the purpose of prudent management of its financial affairs

2. Objectives

2.1 The general policy objective is that the Council will invest the surplus funds it holds on behalf of the community prudently. Priority is given to security and liquidity.

2.2 The Council will seek the highest rate of return, consistent with the proper levels of security and liquidity.

3. Investments

3.1 All investments will be made in sterling.

3.2 The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will endeavour to invest in institutions with good credit ratings from approved credit rating organisations. Banks are not required to obtain external ratings and as a regulated UK bank, eligible depositor balances are covered by the Financial Services Compensation Scheme (FSCS) up to £85,000.

3.3 Investments will be spread over different providers where appropriate to minimise risk.

4. Specified Investments

4.1 Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short term investments made with the UK Government or a local authority or town or parish council will automatically be Specified Investments.

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

- Deposits with banks, building societies, local authorities or other public authorities.
- Other approved public sector investment funds.

4.3 The choice of institution and length of deposit will be at the approval of the Finance Committee and ratification of Full Council.

4.4 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

5. Non-Specified Investments

5.1 These investments have greater potential risk – examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council will not use this type of investment.

6. Liquidity of Investments

6.1 The Finance Committee in consultation with the Responsible Financial Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

6.2 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.

7. Long Term Investments

7.1 Long term investments are defined in the policy as greater than 12 months.

7.2 The Council does not currently hold any funds in long term investments.

8. End of Year Investment Report:

8.1. At the end of the financial year the Responsible Finance Officer will report on investment activity to the Finance Committee.

9. Review and Amendment of Regulations

This Investment Strategy was presented to Full Council at the meeting held on
for approval and adoption, Minute no. XX

This policy will be reviewed by the Finance Committee annually or when there are changes to legislation, whichever is the sooner.

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