



INVESTMENT STRATEGY AND POLICY

This Council acknowledges the responsibility of prudently investing the temporarily surplus funds held on behalf of the community as part of its fiduciary duty.

1 STRATEGY

The Local Government Act 2003 Section 12 provides the Power to invest (a) for any purpose relevant to its functions under any enactment or (b) for the purpose of the prudent management of its financial affairs. Section 15(1) of the Act requires a local authority to have regard to guidance issued by the Secretary of State.

In accordance with Section 15(1) of the Local Government Act 2003, the Council will have regard (a) to such guidance as the Secretary of State may issues, and (b) to such other guidance as the Secretary of State may by regulations specify.

The Council's investment priorities are:

- i. the security of its reserves, and
- ii. the adequate liquidity of its investments, and
- iii. the return on investment - the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

2 POLICY

- (i) To retain not less than three months' average working capital requirement in current and deposit accounts giving immediate access.
- (ii) To place any other funds on deposit of up to one year's duration, depending on the prevailing interest rates and forecast cash flow requirements, noting that long term investments are defined in the Guidance as any greater than 12 months.
- (iii) All investments will be made in sterling.
- (iv) Funds only to be deposited or invested with:
 - (a) UK clearing banks or their subsidiaries, together with those former major building societies now banks subject to their being assigned a credit rating of 'BBB+' or above from Standard and Poor's, Moody's *Investors Services Ltd* or *Fitch Ratings Ltd*.
 - (b) UK Banks assigned a high credit rating using the clearing services of a UK clearing bank within the definition of (a) above e.g. Unity Bank with a Fitch credit rating of BBB
 - (c) UK Government stocks
 - (d) UK local authority stocks or bonds.