



Much Wenlock Town Council

INVESTMENT STRATEGY

Local Government Act 2003

Section 15(1)(a) of the Local Government Act 2003 applies to financial years on or after 1 April 2018. Statutory guidance on local government investments has been issued by the Secretary of State in pursuance of this legislation to which local authorities, including parish councils, must have regard.

This Investment Strategy demonstrates the Town Council's prudent investment of funds held on behalf of its community.

Definition of investment

An investment is defined as all of the financial assets and non-financial assets held by the authority primarily or partially to generate profit. Investment also includes loans made by a local authority to others but does not include pension funds or trust fund investments.

Objectives

This Investment Strategy has two underlying objectives:

- *Security* – to protect the capital sum investment from loss.
- *Liquidity* – to ensure that the funds invested are available for expenditure when needed.

When entering into any investment the Town Council will consider the balance between security, liquidity and yield.

The investment objective is to raise additional revenue from high interest using unallocated funds that are not part of the Town Council's operating costs.

Investment choice

The Town Council has determined that funds held will be invested in any of the following:

- Bank
- Building Society
- CCLA either in the Public Sector Deposit Fund or the Local Authorities' Property Fund

Risk management

The limit of cover from the Financial Services Compensation Scheme is £75,000, therefore unallocated reserves will be held in a number of bank accounts. Before investing funds the Town Council will:

- Assess the risks and likely return.
- Consider a wide range of investment opportunities.
- Consider the liquidity of the investment.
- Consider the expected cash flow requirements e.g. funds invested will not exceed more than 6 months average expenditure (precept divided by 12 months multiplied by 6).

All investments will be undertaken with due diligence.

The Town Council may seek professional, independent advice, if felt necessary, to ensure that all investments are low-risk and easily accessible.

Long-term investments will be a minimum of £25,000 and a maximum of £75,000 in any one account. The minimum investment term will be 12 months.

Monitoring risk

Performance of the funds invested will be regularly monitored against the expected return. If interest rates fall significantly the funds will be transferred to a more stable account, unless there is a general down-turn in interest rates.

The Town Council will monitor the performance of all investments on a monthly basis. The Town Council is the corporate body responsible for authorising investment activities.

*This Investment Strategy was adopted on:
1 March 2018 - minute number 13*