

COMBE MARTIN PARISH COUNCIL

ANNUAL INVESTMENT STRATEGY

1 Background

- 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.
- 2.1 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.
- 3.1 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.
- 4.1 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
- 5.1 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
- 6.1 The council should keep its strategy simple and maintain prudence at all times.

2 Strategy

- 2.0 The Council adopted the following Strategy at its meeting on 8 February, 2010, agreeing to :-
- 2.1 Adopt the Secretary of State's Guidance in relation to council investments in full.
- 2.2 Carry out an annual cash flow forecast to ascertain expenditure commitments for the coming year.

- 2.3 On the basis of that cash flow forecast, to invest only in:-
 - 2.3.1 'Specified Investments' or in
 - 2.3.2 'Non Specified Investments' including longer term investment i.e. 12 months or more but which still offers the greatest security
 - 2.3.3 bodies with high credit ratings.
- 2.3 Any investment in longer term funds (12 months or more) should not exceed the surplus of cash balances above the parish council's annual budgeted expenditure reduced by the annual precept.
- 2.5 To review investments annually.