

Ottery St Mary Town Council

Investment Strategy

Guidance

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. 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 reasonable to adopt the Guidance either in part or in full.

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.

A “Specified Investment” is one which is made in sterling, is not long term (less than twelve months) and not defined as capital expenditure and is placed within a body that has a high credit rating or made with the UK Government, a UK Local Authority or a parish or community council.

A “Non Specified Investment” is any other type of investment, to which there can be a greater degree of risk and where professional investment advice might be required.

Strategy

The Council adopted the following strategy at its meeting on the 3rd December 2018 agreeing to

1. Adopt the Secretary of State’s Guidance in relation to council investments in full.
2. Carry out an annual cash flow forecast to ascertain expenditure commitments for the coming year
3. On the basis of the cash flow forecast to invest only in:-
 - (a) Specified Investments
 - (b) Non Specified Investments including longer term investments of 12 months or more but which still offers the greatest security
 - (c) Bodies with high credit ratings
4. Any investment in longer term funds should not exceed the surplus of cash balances above the parish council’s annual budgeted expenditure reduced by the annual precept.
5. Any investments to be reviewed annually

Mayor:

Adopted by Ottery St Mary Town Council at its meeting on 6th January 2020