

# Policy

## Investment Strategy

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### A: Introduction

Thetford Town Council is required to determine an Annual Investment Strategy. ***(Local Government Investment Guidance 2003 as amended)*** This strategy will be a public document and must be reviewed annually by the Finance Committee and approved by the full council.

The objective must be to obtain the best rates of interest on its surplus cash balances whilst acknowledging the duty of care to the community and the prudent investment of funds.

### B: Objectives

The priorities of the Council are:

Cash and Government Bonds

- i) The security of the funds to minimize the risk of losses
- ii) Investments for current expenditure (based on 3 months expenditure) will be in instant access deposit accounts with a feeder to the current account
- iii) A minimum of three months Precept should be kept in reserve invested in A+ rated investments. To meet the day to day running of the council this investment must be easily liquidated if required to meet the cash flow need of the council.
- iv) The remainder should be invested in Government bonds or fixed term deposits in Government Securities (i.e. Treasury Deposits).

Equities

- v) A proportion of the funds can be held in medium risk equities held in an appropriate investment portfolio. This proportion is to be set by the RFO and Finance Manager and approved by the Finance Committee and Full Council.
- vi) At all times the council will endeavour to receive a high rate of return on investments commensurate with adequate safeguards.

## C: Investments

### Property:

Investments in property may be considered. However, it must be borne in mind that any revenue received in the future from property sale (over and above a de minimus value<sup>1</sup>) will be classed as a Capital Receipt and therefore would preclude its use for anything other than future capital projects and repayments of external debt. The Town Council Property Investment Strategy must therefore be adhered to and up to date advice be sought from the National Association of Local Councils prior to any purchase.

### Other Investments:

- i) All other investments and deposits will be with UK registered Banks, Building Societies or Managed Investment Funds.
- ii) All investments shall be negotiated in the name of the Council and will be made in sterling and any payments or repayments will also be made in sterling.
- iii) The choice of institution will be decided at full Council. 30% of the total investment funds will be in Blue Chip companies or investment funds, the remainder will be in a medium risk category.
- iv) The Council will expect the fund manager(s) to liaise with the RFO but the portfolio(s) will be managed on a discretionary basis to enable the Fund Manager to take a decision without prior referral as long as they remain within the caveats laid out above.
- v) Fund Managers will be required to provide a valuation to the Council on a six-monthly basis with an annual report providing fuller information.
- vi) The choice of investment manager will be reviewed every 4 years.

## D: Review

- i) ***As recommended by Guidance on Local Government Investment strategy***, this policy will be reviewed by the Finance Committee on an annual basis and any changes made agreed at Full Council.

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<sup>1</sup> Currently £10,000