

# Aylsham Town Council

## Investment Policy

### Introduction

The Council acknowledges the importance of investing prudently the temporarily surplus funds held on behalf of the community.

In preparing its investment policy the Council is required under Section 15(1) of the Local Government Act 2013 to have regard to such Guidance as the Secretary of State may issue.

The current statutory Community and Local Government (CLG) Investments Guidance Note came into force on 1 April 2010.

The Guidance Note makes distinction between investments that are:

- high security and high liquidity (specified investments) and
- those with potentially greater risks and lower liquidity (non-specified investments)

Where a Town or Parish Council expects its investments at any time during a financial year to exceed £10,000 but not £500,000, it should decide on the extent, if any, to which it would be reasonable to have regard to the Investments Guidance Note in relation to that year.

### Investment Objectives

The Council's investment priorities are the security of reserves and liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

All investments will be made in Sterling.

The Department for Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and the Council may not engage in such activity.

If external investment managers are used, they will be contractually required to comply with the policy.

### Specified Investments

Specified Investments are, by definition in the Guidance note, those offering high security and high liquidity, made in Sterling and with a maturing of no more than a year. Such short-term investments made with the UK Government or a local authority to Town Councils will automatically be Specified Investments, as will those with bodies or investment schemes of "high credit quality".

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:

- Deposits with UK banks, UK building societies, UK local authorities or other UK public authorities
- The debt management agency of HM Government

### **Non-specified Investments**

These investments have greater potential risk - examples include investment in the money market, subordinated bonds from banks, permanent interest-bearing shares from building societies and corporate stocks and shares.

Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.

### **Liquidity of Investments**

The Finance Officer in consultation with the Clerk will recommend to Council the amount and the maximum periods for which funds may be prudently committed so as not to compromise liquidity.

### **Long-term Investments**

Long term investments are defined in the Guidance note as greater than 12 months and require that, should any Council wish to invest for periods greater than 12 months, it must identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums.

### **End of Year Investment Report**

At the end of the financial year, the Responsible Finance Officer will report on investment activity to the Council.