

Morval Parish Council
INVESTMENT STRATEGY

Introduction:

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. 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. 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. 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. 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. The council should keep its strategy simple and maintain prudence at all times.

Strategy:

Morval Parish Council adopted the following Strategy at its meeting on the 7th November 2012, agenda item no: 5.5.1, agreeing to:

1. Adopt the Secretary of State's Guidance in relation to council investments in full.
2. Acknowledge the importance of prudently investing its temporary surplus funds held on behalf of the community.
3. Place priority on the security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed) of its reserves.
4. Carry out an annual cash flow forecast to ascertain expenditure commitments for the coming year.
5. On the basis of that cash flow forecast, to invest only in:
 - 'Specified Investments' or in
 - 'Non Specified Investments' including longer term investment i.e. 12 months or more but which still offers the greatest security
 - Bodies with high credit ratings.
6. To review investments annually