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# Annual Investment Policy

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**Westerham Town Council**

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**Reviewed by F&GP: 28.09.15  
Adopted by Full Council: 12.10.15  
Reviewed by F&GP: 9.01.17  
Reviewed: 07.01.19  
Reviewed: 09.01.20  
REVIEWED: Annually**

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## **1.0 Introduction**

1.1 In preparing this policy, Westerham Town Council is required under Section 15 (1) of the Local Government Act 2003 to have regard to guidance issued by the Secretary of State.

1.2 Westerham Town Council acknowledges its responsibility to the community as a custodian of public money and the importance of prudently investing the temporary surplus funds held on behalf of the community.

## **2.0 Objectives**

2.1 The general policy objective for this Council is prudent investment of its balances. The Council's investment priorities are:-

- (i) the security of its reserves and
- (ii) the liquidity of its investments.
- (iii) the return on its investments

2.2 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

## **3.0 Investments**

3.1 The Town Council's investments will ordinarily be Specified Investments, which are those offering high security and high liquidity. This means that:-

(i) All investments will be made in sterling and any payments or repayments will also be made in sterling.

(ii) All Specified investments will be limited to a medium term deposit, not exceeding 12 months.

(iii) Every effort will be made to ensure that investments are made with a body which has been awarded a high credit rating by an acknowledged credit rating agency \* (A high credit rating will be defined as 'A' 'High Credit Quality'). Any investments made with a body with a lower rating will be limited to the amount covered by the Financial Compensation Scheme.

(iv) All investments and deposits will be made with UK banks and building societies.

(v) 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. Any long term investments will be limited to a maximum of £100,000 and will be reviewed annually.

**\* A credit rating agency is defined in the guidance as one of the following three companies: Standard and Poor's; Moody's Investors Service Ltd; Fitch Ratings Ltd.**

3.2 Credit Ratings will be monitored at quarterly intervals. If the credit rating falls during that period, F&GP will consider re-investing.

3.3 For prudent security of its balances, the Town Council will spread its financial risk: investments will be made with a minimum of 2 financial institutions.

3.4 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 Town Council will not engage in such activity.

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

#### **4.0 Review and Amendment of the strategy**

4.1 F&GP will review this strategy annually for approval by the Full Council.

4.2 At the end of the financial year during the preparation of accounts the RFO will also report on investment activity.

4.3 The Council may recommend variations of the strategy for approval by the Full Council in accordance with the guidance from the Secretary of State.

4.4 The Council will review the Town Council's banking arrangements every two years.

4.5 The Town Council will consider the placement of the Town Council's deposits one month before any bond matures.