



## BARNSTAPLE TOWN COUNCIL

### INVESTMENT POLICY

#### **1. Introduction**

- 1.1 At any one time Barnstaple Town Council is holding significant amounts of funds consisting of the General and Earmarked Reserves together with unspent precept monies. The amounts held fluctuate over the course of the year, peaking twice yearly when the precept funds are paid by North Devon District Council. An Investment Policy is required to ensure that the responsibility of Barnstaple Town Council for the stewardship of council taxpayers' money is properly exercised, and this will take account of the ethical stance of the providing bank.
- 1.2 Our Policy is required to comply with "Guidance on Local Government Investments" issued by the Department for Communities and Local Government (DCLG). That document was originally published in 2004 but it was significantly revised in 2010 following the banking crisis during which a number of local authorities were found to have placed funds with high risk financial institutions.
- 1.3 The essence of the Guidance is to ensure the prudent investment of the funds held on behalf of the community. A prudent policy is defined as having two objectives, firstly **security** (protecting the capital sum from loss) and then **liquidity** (keeping the money readily available for expenditure when needed). The generation of investment income is distinct from these prudential objectives but once the appropriate levels of security and liquidity are determined then it will be reasonable to consider what **yield** can be obtained that is consistent with those priorities.

#### **2. Policy**

- 2.1 All investments shall be held in the name of Barnstaple Town Council.
- 2.2 All investments will be denominated in sterling.
- 2.3 All fixed term investments will be short term and not exceed a twelve month term.

- 2.4 Fixed term investments will only be made after an analysis of future cash flow requirements over the investment period clearly demonstrates that the funds can be tied up without risk.
- 2.5 Investments will only be made in Current and Deposit Accounts of banks that are covered by the Financial Services Compensation Scheme (FSCS), or that can demonstrate an equivalent level of protection.
- 2.6 The approval of the Finance & General Purposes Committee or Full Town Council will be required before any new investment account is opened.
- 2.7 In the interests of prudence Barnstaple Town Council will not make any “non-specified investments” (as defined by the DCLG Guidance) and so there will be no requirement for using the services of treasury management advisers or undertaking specific staff training.
- 2.8 Steps will be taken to allocate funds as soon as reasonably practical after receipt from North Devon District Council of the twice yearly precept payment.
- 2.9 This Policy shall be made available to the public in print and online.
- 2.10 This Policy shall be reviewed annually by the Finance & General Purposes Committee and approved by the Full Town Council.