

EPHING TOWN COUNCIL

INVESTMENT STRATEGY, POLICY AND BORROWING

This strategy and policy explains Epping Town Council's investment of reserves and deposits. Town Council investments are managed by the Responsible Financial Officer (RFO) and all investments are approved by full Council. The Town Council earmarks reserves as part of the annual budgeting process. Council's balances are monitored by the Senior Finance Officer and RFO throughout the year. This policy applies to longer term actual investments.

PART A: INVESTMENT STRATEGY

To balance investing for the best income return against the fundamental requirement to avoid any capital loss. To this end, investments should balance low risk with the best interest rates.

Whilst making investments, due regard will be given to the performance and the reputation of the investment body.

As a Local Authority with an income and expenditure which exceeds £750,000, Epping Town Council are not covered by the Financial Services Compensation Scheme (FCSC), therefore Council must be mindful of investing across multiple sources to minimise risk. **Please note:** it can be difficult to find suitable High Street investors for Councils, so research will be ongoing, as the situation changes. Regard must be given to the Local Authorities (Capital Finance) (Approved Investments) Regulations 1990 as amended.

PART B: INVESTMENT POLICY

- To consider the need for access to surplus funds, so balancing a reasonable timescale for recall against a beneficial interest rate. This is to prioritise the security of reserves followed by the liquidity of investments
- To place any other funds on deposit, depending on the current interest rates and forecast cash flow requirements
- All investments are made in sterling with UK registered institutions only
- Funds only to be deposited or invested with:
 - (i) UK clearing banks or their subsidiaries, together with those former major building societies which are now banks and it those it defines as high quality, ie: a credit rating of A with Moody's Investors Service or BBB with Standard and Poor's
 - (ii) UK Government stocks
 - (iii) CCLA (investment that include supporting charities, local authorities and the non profit sector)

- Consideration will be given to investments and alternatives in advance of maturity for all investments

PART C: BORROWING MONEY

- Any decisions to borrow money would be made by resolution of full Council only
- The Public Works Loan Board would be an acceptable source of borrowing, but would always be subject to rates and terms/conditions
- Other channels of borrowing may be acceptable if approved by Council's auditor as appropriate