

WAVENEY LOWER YARE & LOTHINGLAND INTERNAL DRAINAGE BOARD

INVESTMENT STRATEGY

This document gives guidance on investments by the Waveney Lower Yare & Lothingland Internal Drainage Board in accordance with the Local Government Act 2003. The Board will ensure that:

- Capital expenditure plans are affordable
- All external borrowing and other long-term liabilities are within prudent and sustainable levels, and;
- Treasury Management decisions are taken in accordance with good professional advice.

The CIPFA Treasury Management Code of Practice defines Treasury Management as *“The Management of the Council’s cashflows, its banking, money market and capital market transactions the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”*.

This guidance will be prepared and approved before the start of each financial year and where appropriate, may be replaced with a revised strategy at any time during the year.

INVESTMENT STRATEGY

1. The Board acknowledges the important of prudently investing the temporarily surplus funds hold on behalf of the community.
2. This strategy complies with the revised requirements set out in the Department for Communities and Local Government’s Guidance on Local Government (DCLG) Investments and the Chartered Institute of Public Finance and Accountancy’s Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes and is in accordance with s.15(1)9a) of the Local Government Act 2003.
3. In accordance with s.15(1) of the 2003 Act, the Board will have regard to such guidance as the Secretary of State may issue and to such other guidance as the Secretary of State may be regulations specify.
4. The Board’s investment priorities have two main objectives: first of all is **security** (protecting the capital sum from loss) and then **liquidity** (keeping the money readily available for expenditure when needed). Once proper levels of security and liquidity have been determined, only then will it be reasonable to consider what **yield** can be obtained. The Board will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
5. All investments will be made in sterling.
6. The DCLG maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Board will not engage in such activity.
7. Where external investment managers are used, they will be contractually required to comply with the strategy.

Specified Investments

1. Specified investments are 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 or town or parish council will automatically be specified investments.
2. For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Waveney Lower Yare & Lothingland Internal Drainage Board will use deposits with banks, building societies, local authorities or other public authorities.
3. Current investments are held with Barclays Bank Plc, National Counties Building Society and Nottingham Building Society. In addition to the current account, the Board holds a deposit account with Barclays Bank Plc which tracks the Bank of England base rate which allows for easy access to fund when required. The Board also holds deposit accounts with Barclays Bank Plc, National Counties Building Society and Nottingham Building Society for the purpose of holding the Board's reserve as follows:-

Barclays Bank Plc	£250,000.00 (0.80%) – matures 12.3.19
National Counties B.S.	£218,389.27 (0.77%) – matures 16.8.18
National Counties B.S	£221,550.67 (0.88%) – matures 7.11.18
Nottingham B.S.	£310,751.53 (0.83%) – matures 19.12.18

Non-Specified Investments

1. These investments have greater potential risk – examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainties surrounding such investments, Waveney Lower Yare & Lothingland Internal Drainage Board will not use this type of investment.

Liquidity of Investments

1. The Responsible Finance Officers, in consultation with the Board will determine the maximum periods for which funds may be prudently be committed so as not to compromise liquidity.
2. Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the counterparty.

Long Term Investments

1. Long term investments are defined in the guidance as greater than 36 months. The Board does not currently have any long-term investments.
2. The Board will fully assess the risks and opportunities of any long-term investment it enters into, including long term debt to finance an investment. The Board will apply its assessment to both the payback of the investment and repayment period of any debt taken out.

End of Year Investment Report

1. Investment forecasts for the coming financial year will be accounted for when the Board's budget is being prepared.
2. At the end of the financial year, the Responsible Finance Officer will report on investment activity over the year, to the Board and any recommendations for the forthcoming year shall be considered by the Board.