

WITHAM FOURTH DISTRICT INTERNAL DRAINAGE BOARD

INVESTMENT POLICY

5. OUTLINE INVESTMENT STRATEGY

Preparation

This Strategy sets out the Board's policies for the prudent management of its investments and for giving priority, firstly, to the security of those investments and, secondly, to their liquidity. It identifies the procedures for monitoring, assessing and mitigating the risk of loss of invested sums and ensures that such sums are readily accessible for expenditure whenever needed.

Approval

This Strategy will be approved by the Risk and Governance committee and then taken to the Board for full Board approval.

Timing

The Board recommends that an investment strategy ("the initial strategy") should be prepared and approved before the start of a financial year.

The initial strategy may be replaced by another strategy ("the revised strategy") at any time during the year, on one or more occasions, subject to the same process of approval. The initial strategy should specify circumstances in which a revised strategy is to be prepared, but a revised strategy may be prepared in other circumstances, if at any time it is considered appropriate.

Publication

The Board recommends that the initial strategy and any revised strategy should, when approved, be made available on the Board's website.

Objectives

A prudent investment policy should have two objectives: achieving first of all 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. However, the Board should not ignore such potential revenues. Once proper levels of security and liquidity are determined, it will then be reasonable to consider what yield can be obtained consistent with these priorities. This widely recognised investment policy is sometimes more informally and memorably expressed as follows:

Security – Liquidity – Yield (in that order).