



STOKE LODGE AND THE COMMON PARISH COUNCIL ANNUAL INVESTMENT POLICY 2022-23

Introduction

Stoke Lodge and The Common Parish Council Town Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

This policy has been prepared in accordance with the Guidance on Local Government Investments ('the Guidance'), issued under section 15(1) (a) of the Local Government Act 2003, effective from 1st April 2010.

Parish Councils have the power to invest surplus funds and the Local Government Act 2003 states that a local authority may invest:

- for any purpose relevant to its functions under any enactment,
- for the purpose of prudent management of its financial affairs

The Council defines its treasury management activities as:

“The management of the Council’s cash flows, its banking and money market transactions, and the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks.”

The Guidance states:

- a) Where a Town or Parish Council expects its investments at any time during a financial year to exceed £500,000, the Guidance should apply in relation to that year.
- b) Where a Town or Parish Council expects its investments at any time during a financial year to exceed £10,000 but not £500,000, it should decide on the extent, if any, to which it would be reasonable to have regard to the Guidance in relation to

that year.

c) Where a Town or Parish Council expects its investments at any time during a financial year not to exceed £10,000, no part of the Guidance need be treated as applying in relation to that year.

The Council expects its investments during the 2022-23 financial year not to exceed £500,000 and therefore has agreed to apply the Guidance as set out below.

Investment Objectives

The Council's investment priorities are:

- 1) The security of its reserves.
- 2) The liquidity of its investments.
- 3) The return on investment.
- 4) To support adequate treasury management

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

All investments will be made in sterling and, as a minimum, surplus funds will be aggregated in an interest-bearing bank account.

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 this Council will not engage in such activity.

Security of Investments

Government guidance differentiates between specified investments and non-specified investments.

i) Specified Investments

Specified investments are those offering high security and high liquidity with a maturity of no more than one year. In addition, short-term sterling investments must be with bodies/institutions with "high credit ratings".

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:

- UK banks and UK building societies.
- Public Bodies (including Local Authorities and Police Authorities);

- UK FCA regulated qualifying money market funds with a triple A rating.

ii) Non-specified investments

Non-specified investments are usually for longer periods (i.e. more than one year) and with bodies that are not highly credit rated.

Non-specified investments are not included in the Investment Policy for this Council as these investments are not acceptable due to their higher potential risk.

Investment Strategy

1. Stoke Lodge and The Common Parish Council's current account(s) shall be maintained with a UK clearing bank. The combined total of current account balances shall not exceed £85,000 at any one time.
2. The remainder of funds held will be invested to ensure maximisation of interest received whilst retaining flexibility of cashflow and minimising risk to capital.
3. Call deposit accounts shall be maintained with the bank holding the current account(s) for ease of transfers unless the rate of interest offered is deemed to be uncompetitive, in which case the services of other UK banks and building societies should be considered. The combined total of funds held in the Parish Council's current account(s) and call deposit account with this bank will not exceed the maximum covered by the Financial Services Compensation Scheme (currently £85,000).
4. Any funds above the maximum covered by the Financial Services Compensation Scheme will be placed with other UK banks or building societies. Call deposits, which maximise income whilst retaining flexibility, will be the preferred investment product but others will not be ruled out.
5. The term of any deposit will not exceed three months unless the funds will not be required for a specific, longer period.
6. The process for agreeing investments with new institutions will be that a recommendation will be brought by the Clerk/RFO to a Full Council meeting for approval.
7. Funds will only be invested with institutions that are covered by the Financial Services Compensation Scheme which currently provides protection on up to £85,000. As a principle, funds will be distributed between a number of organisations, to minimise any loss in the event of failure of a single institution.

8. The RFO shall have delegated authority to set up any accounts/funds as approved in this policy (with the signature of 2 Cllrs) and undertake transfers between the current account (s) and the investment accounts as required to ensure the minimum operating cost balance is maintained.

Investment Approval

The Full Parish Council will consider and make any short-term investments (maximum of twelve months), in accordance with the Annual Investment Strategy, all resolutions relating to investments will be noted in the relevant meeting minutes and circulated to all councillors.

Investment Reports

The Clerk/RFO will produce an annual report on investment performance which will be presented to the Full Parish Council. The report will be circulated to all councillors with the agenda and papers for the meeting.

Review and Amendment of Regulations

The Investment Policy will be reviewed annually. The Annual Strategy for the coming financial year will be prepared and reviewed by the Full Parish Council.

The Council reserves the right to make variations to the Strategy at any time, subject to the approval of the Full Council. Any variations will be made available to the public.

Freedom of Information

In accordance with the Freedom of Information Act 2000, this Document will be posted on the Parish Council website and a hard copy will be available from the Parish Clerk.

Approved by Stoke Lodge and The Common Parish Council on: 12th May 2022

Minute ref: 5.22.10.1

Next review: May 2023