# INVESTMENT POLICY

## 1. Introduction

This policy gives guidance on investments by Hannington Parish Council in accordance with the Local Government Act 2003. The primary objectives of the Parish Council's investment strategy are:

- Security – Protecting capital by minimising risk.
- Liquidity – Ensuring funds are readily available to meet financial commitments.
- Yield – Generating a modest return while adhering to security and liquidity priorities.

## 2. Investment Strategy

### 2.1 Introduction

The Council acknowledges the importance of prudently investing any temporary surplus funds held on behalf of the community. This Strategy complies with the revised requirements set out in the Department for Communities and Local Government's Guidance on Local Government Investments and Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes and takes account of Section 15(1)(a) of the Local Government Act 2003.

### 2.2 Investment Objectives

In accordance with Section 15(1) of the 2003 Act, the Council will have regard to:

(a) Such guidance as the Secretary of State may issue, and
(b) To such other guidance as the Secretary of State may by regulations specify.

The Council's investment priorities are the security of reserves and liquidity of its investments.

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.

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. Where external investment managers are used, they will be contractually required to comply with the Strategy.

### 2.3 Specified Investments

Specified Investments are those offering high security and high liquidity, made in sterling and which mature in 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.

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

- Deposits with UK banks or building societies.

Hannington Parish Council currently only holds funds with Lloyds Bank.

### 2.4 Non-Specified Investments

These investments have greater potential risk - examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainties surrounding such investments, Hannington Parish Council will not use this type of investment.

### 2.5 Liquidity of Investments

The Council, following advice from the Responsible Finance Officer, will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity. 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.

### 2.6 Long Term Investments

Long-term investments are defined in the Guidance as greater than 36 months. The Council does not currently hold any long-term investments. No long-term investments are currently envisaged.

### 2.7 Risk Assessments

The Parish Council's reserves are covered by the Financial Services Compensation Scheme up to £120,000 with any one institution and monies must therefore be carefully managed to mitigate the risk of losses.

### 2.8 Reporting on Investment Performance

The bi-monthly finance report will show the interest being accrued.

## 3. Policy Review

This Policy will be reviewed annually by the Parish Clerk. If required, the Parish Clerk will bring any recommendations or suggested changes before the Council for consideration.

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