HENSTRIDGE PARISH COUNCIL

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INVESTMENT STRATEGY

1. INTRODUCTION

Henstridge Parish Council (the Council) acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty. This Strategy complies with the revised requirements set out in the Department of Communities and Local Government *Guidance on Local Government Investments* and takes into account Section 15(1) (a) of the Local Government Act 2003 and guidance within Governance and Accountability for Local Councils *Practitioner's Guide 2018.*

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, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks."*

2. POLICY

2.1. This strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks and should be read in conjunction with the Council's Financial Regulations.

3. INVESTMENT OBJECTIVES

3.1. The Council's investment priorities are:

- the security of its reserves, and
- the adequate liquidity of its investments, and
- the return on investment – the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

3.2 All investments will be made in sterling.

3.3 The Department of Communities and Local Government maintains the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.

3.4 The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies.

3.5 Investments will be spread over different providers where appropriate to minimise risk.

4. SPECIFIED INVESTMENTS

4.1 Specified investments are those offering high security and high liquidity, made in sterling and with a maturity 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.

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

* Deposits with banks, building societies, local authorities or other public authorities
* Other approved public sector investment funds.

4.3 The choice of institution and length of deposit will be at the approval of the Council.

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

5. NON SPECIFIED INVESTMENTS

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

6. LIQUIDITY OF INVESTMENTS

6.1 The Responsible Finance Officer in consultation with the Council will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

6.2 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.

7. LONG TERM INVESTMENTS

7.1 Long term investments are defined in the Guidance as greater than 12 months.

7.2 The Council does not currently hold any funds in long term investments.

8. INVESTMENT STRATEGY

8.1 The Council will invest as much of its balances as possible in low risk products in order to achieve its investment objectives.

The investments will be deposited in:

- Unity Trust Instant Access Savings account

9. END OF YEAR INVESTMENT REPORT

9.1 Investment forecasts for the coming financial year were accounted for when the budget was prepared. At the end of the financial year, the Responsible Finance Officer will report on investment activity to the Parish Council.

10. REVIEW AND AMENDMENT OF REGULATIONS

10.1 The Annual Investment Strategy must be reviewed annually and revised if considered necessary.

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

11. FREEDOM OF INFORMATION

11.1 In accordance with the Freedom of Information Act 2000, the Council's Investment Strategy will be published on the Community website www.henstridgeparishcouncil.org.uk and is also available as hard copy from the Parish Clerk.

Henstridge Parish Council Investment Strategy adopted by Full Council 2nd November 2020