

LITTLETON & HARESTOCK PARISH COUNCIL

INVESTMENT STRATEGY

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This investment strategy was adopted by the Finance and General Purposes Committee at its meeting held on 27th April 2023.

1 INTRODUCTION

- 1.1 The Investment of surplus funds by local authorities is governed by the Local Government Act 2003, section 15(1)(a) and Guidance issued by the Secretary of State under that Act.
- 1.2 The guidance issued by the Secretary of State applies to Parish Councils providing the total investments exceed or are expected to exceed £100,000 at any time during the financial year. Where the total investments are between £10,000 and £100,000, it is encouraged to adopt the principles in the guidance.
- 1.3 The Guidance recommends that a council produces an Annual Investment Strategy which sets out its policy for managing the investments and giving priority to liquidity and security.
- 1.4 A 'Specified Investment' is one which is made in sterling, is not long term (less than 12 months) not defined as capital expenditure and is placed with a body which has a high credit rating or is made with the UK Government, a UK Local Authority or a parish or community council.
- 1.5 Any other type of investment is considered 'Non-Specified Investment' to which there can be greater risk and where professional investment advice might be required.
- 1.6 Local authorities should keep strategies simple and maintain prudence at all times.

2 STRATEGY

Littleton & Harestock Parish Council (the Council) has adopted the following:

- 2.1 The Council acknowledges the importance of prudently investing its temporary surplus funds held on behalf of the community.
- 2.2 The Council's priorities are and will be centred on the security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed) of its reserves.
- 2.3 The Council adopts the Secretary of State's Guidance in relation to council investment in full as specified in "Statutory Guidance on Local Government Investments 3rd Edition applicable from 1st April 2018.
- 2.4 The Council will carry out an annual cash flow forecast to ascertain expenditure commitments for the coming financial year.
- 2.5 Based on that cash flow forecast, to invest only in:

- 'Specified Investments' and/ or in
- 'Non-Specified Investments' including longer-term investment i.e. 12 months or more but which still offers the greatest security (such as a UK financial institution which offers the full £85,000 UK Financial Services Compensation Scheme)
- bodies with high credit ratings.

2.6 To review investments at least annually.

2.7 It is anticipated that in the 2023-24 financial year reserves will be reduced based on the approved income and expenditure budget, therefore additional investments will not be required as all existing investments will be covered by the full £85,000 UK Financial Services Compensation Scheme. In fact, as the NS&I is backed by HM treasury, then the full investment in the National Savings Investment Account is protected.

2.8 The council will monitor changes in UK interest rates, and it may be appropriate on occasions for the council to consider replacing one of the existing savings accounts with a higher paying account that is available to Parish Councils at the time.

3 Revision History

Table 1: Revision History

Version (major.minor)	Date	Author	Modifications made
Approved 1.0	27 th April 2023	LF	Adopted at the Finance and General Purposes Committee meeting on 27 th April 2023.

Note: The revision number should be updated every time this document is modified, significant changes should result in the major number being updated, and any other minor changes should result in the minor number being updated.

Appendix A: List of Parish Council Investments in place as on 31st March 2023

1. £84,393.82 in National Savings Investment Account: one month's notice is required for withdrawals. The current rate of interest is 0.6%
2. £80,650.32 in the Nationwide Building Society. The current rate of interest is 1.3%
3. The remaining Parish funds sit in the following Lloyds Bank accounts:
 - Treasurers Account (current account): no interest paid
 - Business Instant Access Account 0.7% interest paid

No other funds are held.