

LITTLETON & HARESTOCK PARISH COUNCIL

INVESTMENT STRATEGY

Author:	LHPC Clerk
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Planned Review:	By April 2025

This investment strategy was adopted by the Finance and General Purposes Committee at its meeting held on 8th May 2024.

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 spread its investments in order that all sums are protected by the Financial Services Compensation Scheme (FSCS)
- 2.7 To review investments at least annually.
- 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 2024-25 Financial Year Planning

- 3.1 According to the approved budget for 2024-25, the anticipated spending will be covered by the income (precept, interest and invoices to third parties) with the addition of £17,839 from earmarked reserves. Given that the value available in both Lloyds accounts on 31st March 2024 more than meets the required reserve, then all cash flow can be effected from the Lloyds current account with transfers from the Lloyds Business Instance Access Account.
- 3.2 All Parish Council investments are either covered by the full £85,000 UK Financial Services Compensation Scheme or the protection of the HM treasury for the NS&I Account and therefore it would not be necessary to identify other investments to ensure the public money received by the council is properly protected.
- 3.3 However, it is likely that improved interest rates could be obtained for the money held within the investment accounts at the NS&I and the Nationwide Building Society, and it is proposed that the council consider additional investment accounts that meet the strategy described above.

4 Revision History

Table 1: Revision History

Version (major.minor)	Date	Author	Modifications made
Draft 0.1	29 th April 2024	LF	Draft based on the 2023 Investment Strategy.
Approved 1.0	8 th May 2024	LF	Revision of the list of Bank accounts in the Appendix. Approved by the Finance and General Purposes Committee.

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 Investment and Current Accounts

Funds held by the Parish Council on behalf of the community are held in the following accounts:-

1. National Savings Investment Account.

The NS&I is backed by HM treasury, therefore the full investment in the National Savings Investment Account is protected. One month's notice is required for withdrawals.

2. Nationwide Building Society. Interest rate at 31 Mar 24

Protected by the £85,000 UK Financial Services Compensation Scheme.

3. Lloyds Treasurer Account.

Protected by the £85,000 UK Financial Services Compensation Scheme.

4. Lloyds Business Instant Access Account.

Protected by the £85,000 UK Financial Services Compensation Scheme.