



## **St Georges & Priorslee Parish Council**

### **Investment Policy and Annual Investment Strategy for 2023/24**

**Approved by Full Council on ....**

#### **Introduction**

St Georges & Priorslee Parish Council (the Council) acknowledges the importance of investing any surplus funds prudently on behalf of the community.

St Georges & Priorslee Parish Council's Investment Policy and Annual Investment Strategy is conducted in accordance with:

Section 15(1)(a) of the Local Government Act 2003 and supporting regulations. This requires the Council to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

The Ministry for Housing, Communities and Local Government Guidance on Local Government investments which requires the production of an Annual Investment Strategy and gives guidance as to how that should be completed.

#### **Investment Objectives and Priorities**

The Council's objectives when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses and the risk of receiving unsuitably low investment income. The Council will therefore aim to achieve the optimum return on its investments with appropriate levels of security and liquidity.

The Council's investment priorities are therefore, in order of importance:

- The security of its reserves
- The adequate liquidity of its investments to meet the cash flow needs of the Council.
- The return (yield) on investments

Having declared a Climate Emergency, the Council will aim for its investments to be ethical and 'green'.

All investments will be made in sterling.

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

All investments will be made in line with the Council's financial procedures and observations or advice from the Council's auditors, supported as necessary by advice from the Council's advisors.

### **Specified Investments**

Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year.

The Council may use treasury deposits with UK clearing banks or building societies or the Public Sector Deposit Fund which is operated by CCLA Investment Management Ltd.

Investments will be spread over different providers where appropriate to minimise risk. When investing in UK banks and building societies, the combined total of funds invested in current and deposit accounts with each bank or banking group will not exceed the maximum covered by the Financial Services Compensation Scheme (currently £85,000).

The choice of institution and length of deposit will be approved by Full Council.

### **Non-Specified Investments**

A non-specified investment are non-financial assets, for example stocks and shares or investment property, that an organisation holds primarily or partially to generate a profit.

These investments have greater potential risk and for that reason the Parish Council will not have any non-specified investments.

### **Liquidity of Investments**

The Council in consultation with the Clerk/Responsible Finance Officer will determine the maximum period for which the Parish Council's funds may prudently be committed so as not to compromise liquidity.

### **Strategy for 2023/24**

Currently the Council has an investment of £100,000 in the Public Sector Deposit Fund, a collective investment scheme suitable for public authorities, which pays interest monthly and allows withdrawals on demand. This is a Collective Investment Scheme suitable for public authorities since its investment objective is to maximise the current income consistent with the preservation of principal and liquidity. It is, however, not a guaranteed investment.

After a couple of years of reducing interest on the Public Sector Deposit Fund, performance has improved greatly over recent months.

The Parish Council's current account is held with the Bank of Scotland. Operation of the account is in accordance with the Parish Council's Financial Regulations.

Currently all of the remaining funds (apart from the investment in the Public Sector Deposit Fund) are held in the Bank of Scotland current account, but this is unsatisfactory in terms of security and yield.

Therefore, as soon as is practicable, the balance in the Bank of Scotland account will be reduced to no more than £85,000 (the maximum covered by the Financial Services Compensation Scheme) by investing in another Bank or Building Society(s) account(s) that provides the best yield.

Since the investment in the Public Sector Deposit Fund is on withdrawal on demand, it would be appropriate to invest in a Bank or Building Society account for a 12 month period in order to maximise the yield on the investment.

**Reporting and Review**

The Clerk/Responsible Finance Officer will produce an annual report on investment performance and present it to Full Council.

The Investment Policy will be reviewed annually by Full Council.