

Long Ashton Parish Council Investment Strategy 2021

1. Introduction

Long Ashton Parish Council will from time to time have surplus funds available and it is important that such funds are invested prudently with due regard to the Council's reputation and responsibility to Council Tax payers and to the priority for security and liquidity of those investments. The primary and overriding objective is the security of the capital and the Council aims to minimise risk in this regard.

The Parish Council is required by the Local Government Act 2003 to prepare and determine an annual Funding Strategy (Precept). This strategy must be approved by the Council but may be varied from time to time as circumstances dictate. The Strategy will be a public document as defined by the Freedom of Information Act 2000.

Long Ashton Parish Council may from time to time need to borrow money and, whilst it may borrow by temporary loan or overdraft to meet expenses pending the receipt of revenues receivable, will invariably be required to meet capital expenditure.

All loans and investments shall be negotiated by the RFO in the name of the Council and shall be for a set period of time in accordance with Council policy. Changes to loans and investments should be reported to the Finance and General Purposes (F&GP) Committee at the earliest opportunity.

2. Investment Strategy

In view of the risk of banking failure, the Council wishes to avoid concentrating its investments with one institution so an important aim of this strategy is to enable diversifying investment. For any type of investment the following criteria must be met.

- All investments of money under the control of the Council shall be in the name of the Council.
- All investments will be made in sterling and any payments or repayments will also be made in sterling.
- All investments will be made only in financial institutions registered with and regulated by the Financial Conduct Authority and Prudential Regulation Authority.
- All investment certificates and other documents relating thereto shall be retained in the custody of the RFO.

There are two types of investment which the Parish Council can make.

The first is Specified Investments which means that:

- all investments will be short term investments not to exceed 12 months
- all investments will be made with a body or an investment scheme which has been awarded a high credit quality either with a high rating by a credit rating agency or where an analysis of their liquidity and capital (leverage) ratios gives a high level of confidence in the financial stability of the institution or with one of the following public sector bodies
 - the UK Government

- a local authority in England or Wales (as defined in section 23 of the 2003 Act)
- a parish council or community council
- Credit ratings and any other indicators used will be monitored regularly and if the rating or indicator falls consideration will be given at the next Council or F&GP Committee meeting of the appropriate action to be taken.

Specified investments can be approved by F&GP.

All other investments are non – specified investments.

In general any long term investments (ie of over 12 months) will meet the requirements of specified investments in all respects other than the term. They will need the approval of Full Council before being entered into. This is particularly relevant to the investment of s106 monies which have been received to be used over a period of many years. In this case the total amount invested in long term investments should not exceed the remainder of any s106 money plus 10% of the Council's general reserve. Expectations of interest rate changes will be considered before a long term investment is made.

Any investment which does not meet these criteria will be assessed on Security, Liquidity and Yield (with Security as the primary objective) and a justification for the investment, together with a risk assessment, presented to Full Council for their approval. This will include indicators of credit quality.

The Parish Council has invested in the Local Authorities Property Fund. Units to the value of £41,600 were bought in July 17 and had a market value of £39,293.57 on 31st March 2021.

All investments held by the Parish Council are listed in Appendix A

3. External Borrowing

All borrowings shall be in the name of the Council.

In order to borrow to fund capital expenditure approval must first be given by the Department for Communities and Local Government. The process to be followed and the criteria applied in deciding whether or not approval should be forthcoming are detailed in the Guide to Parish and Parish Council Borrowing in England jointly published by the Department and NALC.

4. Current External Borrowing

The Parish Council has no external borrowing as of 3rd June 2021.

5. Monitoring and review

This Investment Strategy (in conjunction with the Parish Councils Financial Regulations) will be reviewed by F&GP annually and additionally at any time if necessary. It will then be brought to Full Council for approval. Appropriate training, if available, in investment management for the RFO, Assistant Clerk and members of F&GP will be encouraged.

Appendix A

Investments held by the Parish Council 3rd June 2021 (Balances 30/04/2021 unless stated)

Specified Investments

Triodos 6 month account

Balance £75,840.82

Interest rate 0.4%

Opened 6th November 2020 – Matured on 6th May 2021.

Triodos deposit account

Balance 15,719.33

Interest rate 0.10%

33 days' notice

CCLA Public Sector Deposit Fund

Balance 118,178.37

Yield varies. On 30/04/21 it was 0.0177%

No notice period.

Nationwide 95 day Saver Issue 7

Balance 86,198.65 (31st March 2021)

Interest Rate 0.40%

95 day notice

Hampshire Trust Bank 1 year bond

Balance 79,416.39

Interest rate 1.00%

Account opened 18th November 2021 matures 16th November 2022

HSBC

Business Money Manager Account

Interest Rate 0.01%

Balance 55,708.88

The Parish Council has a current account with HSBC which gives no interest – the balance as at 30/04/21 was £196,448.65.

Non specified investment

CCLA Local Authorities Property Fund

This is held to provide income to partially finance the maintenance of play areas and other land transferred to the Parish Council under an s106 agreement. It is held as a long term investment and IFA was sought before the investment.

Yield on 31/03/21 was 4.3%

Initial Investment £41,600, Market Value £39,293.57 on 31st March 21.

For approval by Council on 21 June 2021