

TRIMDON PARISH COUNCIL

ANNUAL INVESTMENT STRATEGY 2018/2019

INTRODUCTION

Trimdon Parish Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

This strategy has been prepared in accordance with the Guidance on Local Government Investment (“the Guidance”), issued under section 15(1)(a) of the Local Government Act 2013, effective from 1 April 2010. The Guidance recommends that a Parish Council produces an Annual Investment Strategy which sets out its policy for managing the investments and giving priority to the liquidity and security.

Where a Town or Parish Council expects its investments at any time during a financial year to exceed £10,000 but not £500,000 it should decide on the extent, if any, to which it would be reasonable to have regard to the Guidance in relation to that year.

Trimdon Parish Council expects its investments during the 2018/2019 financial year to exceed £10,000 but not £500,000, and has agreed to apply the Guidance as set out below.

INVESTMENT OBJECTIVES

The Parish Council’s priorities are:

1. The security of its reserves;
2. The liquidity of its investments; and
3. Return on investments

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

All investments will be made in sterling and, as a minimum, surplus funds will be aggregated in an interest-bearing bank account.

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

SECURITY OF INVESTMENTS

Government guidance differentiates between specified investments and non-specified investments.

Specified investments are those investments offering high security and high liquidity with a maturity of no more than one year. In addition, short-term sterling investments must be with bodies/institutions with “high credit ratings”.

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

- UK banks and UK building societies;
- Public bodies (including Local Authorities and Police Authorities)
- UK FSA regulated qualifying money market funds with a triple A rating.

As from 1 April 2018 the Parish Council will continue to hold its money in a current account and instant access account with the Co-Operative Bank. The Co-operative Bank is covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations. In respect of depositors, an eligible depositor is entitled to claim up to £75,000. As the Parish Council currently (31 January 2018) has balances of £202,535 invested with the Co-Operative Bank, consideration should be given to transferring £75,000 to an alternative bank to ensure that the Parish Council has adequate cover by the FSCS.

Non-specified investments are investments usually for longer periods (ie more than one year) and with bodies that are not high credit-rated.

No non-specified investments are included in the Investment Strategy as these investments are not acceptable due to their higher potential risk.

LIQUIDITY OF INVESTMENTS

The Responsible Financial Officer will determine the maximum period for which funds may prudently be invested, so as to not compromise liquidity.

REVIEW AND AMENDMENT OF REGULATIONS

The Investment Strategy will be reviewed annually. The Annual Strategy will be approved by the full Council.

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

FREEDOM OF INFORMATION

In accordance with the Freedom of Information Act 2000, this Document will be posted on the Parish website and a hard copy will be available from the Parish Clerk.