

# THURSTON PARISH COUNCIL

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## INVESTMENT POLICY

### INTRODUCTION

1. As part of its fiduciary duty, Thurston Parish Council (the Council) acknowledges the importance of prudently saving and investing any temporarily surplus funds held on behalf of the community.
2. This policy complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments and takes into account Section 15(1)(a) of the Local Government Act 2003 and guidance within the Governance and Accountability for Local Councils Practitioners' Guide 2022.
3. Parish Councils have the power to invest surplus funds and the Local Government Act 2003 states that a local authority may invest:
  - For any purpose relevant to its functions under any enactment.
  - For the purpose of prudent management of its financial affairs.

### POLICY

1. This strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks and should be read in conjunction with the Council's Financial Regulations.

### INVESTMENT OBJECTIVES

1. The Council will apply three criteria in assessing what investments it should make:
  - Security - in recognising the Council's responsibility to Council Taxpayers, the parish council will seek to manage the risks associated with investment by prioritising security above the other two investment criteria. All investments will be made with a body or an investment scheme which has been awarded a high credit rating by a credit agency in comparison with other financial institutions.
  - Liquidity - whilst the Parish Council may invest funds in either short term or long-term investment products, the presumption will be that it will maintain high levels of liquidity and seek investment generally for a period of up to 12 months.
  - Return - this will depend upon the investment options available at any one point in time.

### CONTROL MEASURES

1. All investments will be made in sterling and any repayments or payments will also be made in sterling.
2. All investments will be within the United Kingdom only.
3. The Parish Clerk may place funds in investments subject to:
  - a. compliance with the strategy outlined below; and
  - b. consultation with a minimum of two members of the Policy & Resources Committee.

### INVESTMENT STRATEGY

1. Thurston Parish Council's current account(s) is maintained with a UK clearing bank - Lloyds.
2. Ideally, the combined total of current account balances should not exceed £85,000, the maximum currently covered by the Financial Services Compensation Scheme (at any one time). The remainder of funds held will be invested to ensure maximisation of maximise interest received whilst retaining flexibility of cashflow and minimising risk to capital. As a principle, funds will be distributed between a number of organisations, to minimise any loss in the event of failure of a single institution.
3. The management of cash flow will include transfer of funds between accounts in order to maximise returns on investments. However, at the present time, it is recognised that interest rates are at very low levels and there are only marginal gains to be achieved in transfers between accounts and into short term investments for products available to customers within local government.
4. Call deposit accounts shall therefore be maintained with the bank holding the current account(s) for ease of transfers unless the rate of interest offered is deemed to be uncompetitive, in which case the services of other UK banks and building societies should be considered.
5. Any funds above the maximum covered by the Financial Services Compensation Scheme will be placed with other UK banks or building societies.
6. The term of any deposit will not exceed twelve months unless it is clear that the funds will not be required for a specific, longer period.
7. Preference will be given to funds which can demonstrate ethical investment.
8. The process for agreeing investments with new institutions will be that a recommendation will be brought by the Clerk/RFO to the Policy and Resources Committee for consideration and then brought to the next Full Council meeting for approval.

#### **REPORTING AND REVIEW**

1. The Investment Policy will be reviewed annually by the Policy & Resources Committee.
2. The Clerk/RFO will produce an annual report on investment performance which will be considered by the Policy & Resources Committee prior to circulation to Full Council.