ASHINGDON PARISH COUNCIL

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Investment Policy

INTRODUCTION

1. As part of its fiduciary duty, Ashingdon Parish 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 2019.

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 prudent management of its financial affairs.

   The Council defines its treasury management activities as 'the management of the Council's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks'.

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's investment priorities are:

   - The security of its reserves
   - The adequate liquidity of its investments
   - To support effective treasury management
   - To obtain a return on funds that exceed the requirements of the following three months.

2. All investments will be made in sterling and within the United Kingdom only.

3. The Council aims to maintain investments purely to ensure the liquidity of the Council and to

ensure it is covered for any eventuality.

INVESTMENT STRATEGY

1. Ashingdon Parish Council's current account(s) shall be maintained with a UK clearing bank. The combined total of current account balances, with any one banking authority shall not exceed £85,000 at any one time.

2. The remainder of funds held will be invested to ensure maximisation of interest received whilst retaining flexibility of cash flow and minimising risk to capital.

3. Call deposit accounts shall 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. The combined total of funds held in the Parish Council's current account(s) and call deposit account with this bank will not exceed the maximum covered by the Financial Services Compensation Scheme (currently £85,000).

4. Any funds above the maximum covered by the Financial Services Compensation Scheme will be placed with other UK banks or building societies. Call deposits, which maximise income whilst retaining flexibility, will be the preferred investment product but others will not be ruled out.

5. The term of any deposit will not exceed twelve months, without being reviewed.

6. The process for agreeing investments with new institutions will be that a recommendation will be brought by the Financial working group to the Full Council meeting for approval.

7. Funds will only be invested with institutions that are covered by the Financial Services Compensation Scheme which currently provides protection on up to £85,000. 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.

REPORTING AND REVIEW

1. The Investment Policy will be reviewed annually by the financial working group.

2. The Clerk/RFO will produce a bi-annual report on investment performance which will be considered by the financial working group prior to circulation to Full Council at the January and July Parish Council Meetings.

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