

# Charmouth Parish Council

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## INVESTMENT STRATEGY 2020/21

### 1. INTRODUCTION

Charmouth Parish Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community. This Strategy 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 Governance and Accountability for Local Councils Practitioner's Guide 2018.

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.

### 2. POLICY

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.

### 3. INVESTMENT OBJECTIVES

3.1 The Council's investment priorities are:

- the security of reserves;
- the liquidity of its investments;
- the return on investment – the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

3.2 All investments will be made in sterling.

3.3 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 Council will not engage in such activity.

3.4 Investments will be spread over different providers where appropriate to minimise risk.

#### **4. SPECIFIED INVESTMENTS**

- 4.1 Specified Investment are those offering high security and high liquidity, made in sterling and with a maturing of no more than a year. Such short term investments made with the UK Government or a local authority or town/parish council will automatically be Specified Investments.
- 4.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:
- deposits with banks, building societies;
  - local authorities or other public authorities;
  - other approved public sector investment funds.

#### **5. NON-SPECIFIED INVESTMENTS**

These investments have greater potential risk – examples include investment in the money market, stock and shares. Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.

#### **6. LIQUIDITY OF INVESTMENTS**

- 6.1 The Finance and General Purposes Committee in consultation with the Responsible Finance Officer, will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 6.2 Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the counterparty.

#### **7. LONG TERM INVESTMENTS**

- 7.1 Long term investments are defined in the Guidance as greater than 12 months.
- 7.2 The Council does not currently hold any long term investments. No long term investments are envisaged during the financial year 2020/21.

#### **8. INVESTMENT STRATEGY 2020/21**

For 2020/21 the Council will invest as much of its balances as possible in low risk products in order to achieve its investment objectives.

The investments will be split between:

- Santander Plc Current and Deposit Accounts;
- Nat West Plc Current and Deposit Accounts;
- Lloyds Bank Plc current account.

## 9. END OF YEAR INVESTMENT REPORT

Investment forecasts for the coming financial year were accounted for when budgets were prepared. At the end of the financial year, the Clerk will report on investment activity to the Finance and General Purposes Committee.

## 10. REVIEW AND AMENDMENT OF REGULATIONS

10.1 The Annual Investment Strategy must be reviewed annually and revised if considered necessary.

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

## 11. FREEDOM OF INFORMATION

In accordance with the Freedom of Information Act 2000, the Council's Investment Strategy will be published on the Parish Council's website [www.charmouthparishcouncil.gov.uk](http://www.charmouthparishcouncil.gov.uk) and is also available as hard copy from the Parish Council Offices.

Agreed by Council:	July 2019
Reviewed and agreed	March 2020
Review due:	March 2021