

Aston-cum-Aughton Parish Council

Investment Strategy

1. Introduction.

Aston-cum-Aughton Parish Council acknowledges the importance of prudently investing the temporarily surplus funds held by the Parish Council, on behalf of the community.

The contribution that such investments make to the objectives of the Parish Council is to support effective treasury management activities.

This Strategy is consistent with the guidance set out by the Secretary of State for on 1 April 2018, issued under Section 15(1) (a) of the Local Government Act 2003.

2. Investment Objectives

The Council's ***main priority is the security of investment first and foremost***, whilst also providing sufficient liquidity and when these first two requirements are satisfied, the best yield available. All investments will be made in sterling. The borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Council will not engage in such activity. Where external investment managers are used, they will be contractually required to comply with this policy.

3. Specified Investments

Specified Investments are those offering high security and high liquidity, made in sterling and with a maturing of no more than two year. Such short term investments made with the UK Government or a local authority or parish council will automatically be Specified Investments. For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Aston-cum-Aughton Parish Council will normally use:

- Deposits with UK banks, building societies, local authorities or other public authorities, or
- The debt management agency of HM Government.

In the current climate of uncertainty, and particularly with the experience of Icelandic banks, the Parish Council is extremely risk averse. Consequently, it restricts its investments to institutions which are covered by the Financial Services Compensation Scheme – which guarantees sums up to £85,000 for each qualifying institution (as at January 2019).

4. Use of indicators

Government guidance requires the use of indicators to allow the Parish Council's risk exposure to be assessed. However, as stated in paragraph 3 above, the Council has no risk associated with its investments, due to them being guaranteed by the government's compensation scheme, whilst ever, we maintain investments below the maximum amount – currently £85,000.

5. Non-Specified Investments

These investments have greater potential risk – examples include, investment in the money market, stocks and shares. Given the unpredictability and uncertainties surrounding such investments, Aston-cum-Aughton Parish Council will **not** use this type of investment.

6. Liquidity of Investments

The Responsible Finance Officer will advise on the maximum periods for which funds may prudently be committed (up to two years) so as not to compromise liquidity.

7. Long Term Investments

Long term investments are those in excess of 12 months. Aston-cum-Aughton Parish Council will not enter into any long term investment over two years.

8. Decisions

All decisions will be taken in an open and accountable way by the Full Council. All decisions will be minuted. Members will consider suggestions and recommendations from the Finance & Employment Committee; however the final decisions and strategy making will be the responsibility of the Council.

9. Review of policy

This policy will be reviewed by the Council annually.