



St Georges & Priorslee Parish Council

Investment Policy and Annual Investment Strategy for 2024/25

Approved by Full Council on 17th September 2024

Introduction

St Georges & Priorslee Parish Council (the Council) acknowledges the importance of investing any surplus funds prudently on behalf of the community. The Council's Investment Policy and Annual Investment Strategy is conducted in accordance with:

- Section 15(1)(a) of the Local Government Act 2003 and supporting regulations, which require the Council to prepare an Annual Investment Strategy that outlines its policies for managing investments and prioritising the security and liquidity of those investments.
- The Ministry for Housing, Communities and Local Government Guidance on Local Government Investments, which mandates the production of an Annual Investment Strategy and provides guidance on its completion.

Investment Objectives and Priorities

The Council's objectives when investing money are to strike an appropriate balance between risk and return, minimising the risk of incurring losses and the risk of receiving unsuitably low investment income. The Council aims to achieve the optimum return on its investments with appropriate levels of security and liquidity. The Council's investment priorities, in order of importance, are:

1. The security of its reserves
2. The adequate liquidity of its investments to meet the Council's cash flow needs
3. The return (yield) on investments

Having declared a Climate Emergency, the Council will aim for its investments to be ethical and 'green'. All investments will be made in sterling.

The Ministry for Housing, Communities and Local Government maintains that borrowing money purely to invest, or to lend and make a return, is unlawful. The Council will not engage in such activity.

All investments will be made in line with the Council's financial procedures and observations or advice from the Council's auditors, supported as necessary by advice from the Council's advisors.

Specified Investments

Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. The Council may use treasury deposits with UK clearing banks or building societies or the Public Sector Deposit Fund operated by CCLA Investment Management Ltd.

Investments will be spread over different providers where appropriate to minimise risk. When investing in UK banks and building societies, the combined total of funds invested in current and deposit accounts with each bank or banking group should not exceed the maximum covered by the

Financial Services Compensation Scheme (currently £85,000). The choice of institution and length of deposit will be approved by Full Council.

Non-Specified Investments

Non-specified investments are non-financial assets, such as stocks and shares or investment property, that an organization holds primarily or partially to generate a profit. These investments have greater potential risk, and for that reason, the Parish Council will not have any non-specified investments.

Liquidity of Investments

The Council, in consultation with the Clerk/Responsible Finance Officer, will determine the maximum period for which the Parish Council's funds may prudently be committed so as not to compromise liquidity.

Strategy for 2024/25

Currently, the Council has an investment of £100,000 in the Public Sector Deposit Fund, a collective investment scheme suitable for public authorities, which pays interest monthly and allows withdrawals on demand. This is a Collective Investment Scheme suitable for public authorities since its investment objective is to maximise the current income consistent with the preservation of principal and liquidity. It is, however, not a guaranteed investment.

Following a couple of years of reducing interest on the Public Sector Deposit Fund, performance is continuing to grow.

The Parish Council's current account is held with the Bank of Scotland. Operation of the account is in accordance with the Parish Council's Financial Regulations.

A further deposit of £100,000 is held within Unity Trust Bank for a fixed term of 12 months. Unity Trust is an ethical bank that specializes in providing accounts for Parish Councils. Although the funds are held for a fixed term of 12 months, it was felt that with instant access to both the PSDF and the Bank of Scotland accounts, it would be an appropriate investment to maximise yield on the investment.

Currently, all of the remaining funds are held in the Bank of Scotland current account, but this is unsatisfactory in terms of security and yield. Therefore, as soon as is practicable, the balance in the Bank of Scotland account will be reduced to no more than £85,000 (the maximum covered by the Financial Services Compensation Scheme) by investing in another bank or building society account that provides the best yield.

Since the investment in the Public Sector Deposit Fund is on withdrawal on demand, and the Unity Trust account is fixed for 12 months, it would be appropriate to invest in a bank or building society account on a short-term basis to give the Parish Council flexibility due to the changes that will be taking place over the coming year with the imminent move to the Gower.

Reporting and Review

The Clerk/Responsible Finance Officer will produce an annual report on investment performance and present it to Full Council. The Investment Policy will be reviewed annually by Full Council.