

Headley Parish Council Investment Strategy

Adopted September 2024

Minute Ref: 9

Headley Parish Council (HPC) acknowledges the importance of prudently investing any temporarily surplus funds held on behalf of the community. This strategy complies with the Department for Communities and Local Government, Guidance on Local Government Investments (Third edition - Issued under section 15(1)(a) of the *Local Government Act 2003* and effective for financial years commencing on or after 1 April 2018.

Policy Background

It is uncommon for a parish council to hold investments other than in the form of easily accessible bank deposits or other short-term savings accounts. These are often used to maximise income from cash balances during the financial year.

Legislation and associated guidance are optional for parish councils where investments are not expected to exceed £500,000 and no action is required below £10,000.

Definitions

Investments – all investments of more than 12 months in duration. This is treated as capital and all sums involved must be used for capital expenditure when the investment period ends. These sums are not included in the Council's reserves.

Treasury – all cash deposits held in bank or building society accounts including bonds of up to 12 months in duration and deposits with the Public Sector Deposit Fund (managed by CCLA).

Specified Investments – sterling investments of less than 1 year in maturity with bodies or schemes with a high credit rating at the time of investment.

Non-Specified Investments – investments not meeting the definition criteria of specified investments.

Policy Objectives

The overriding policy objectives are:

- i) To invest prudently to ensure the security of the principal sums.
- ii) To maintain liquidity in the portfolio to meet the council's spending plans.
- iii) To mitigate risk.
- iv) To seek the optimum returns available whilst remaining consistent with the proper levels of security and liquidity.

Investment Policy

Headley Parish Council will not hold funds other than in bank accounts, with CCLA or in bonds of 12 months or less in duration.

Treasury Policy

Headley Parish Council will hold **all** its funds as cash deposits in banks accounts, bonds or in the Public Sector Deposit Fund.

A business account will be maintained with sufficient funds for day-to-day transactions and to receive the precept and business income.

Any exception to this limit must be approved by full council.

Headley Parish Council will only deposit funds with institutions with a minimum A grade credit rating.

Full Council approval is required if a deposit is with an institution with which the council does not already hold an account. The RFO has delegated authority to deposit funds with any of the council's existing bankers and report this back to the council.

A procedure for making a deposit can be found in Appendix A

Appendix A

Procedure for Deposits

1. RFO to identify an appropriate deposit account or short-term bond with a financial institution that fits with the council's treasury policy. Any bonds should be capital sum guaranteed.
2. Approval of full council is sought if the deposit is with a financial institution not currently used by the council.
3. The RFO actions the opening of the account and the setting up of the bank mandate for council members to sign in accordance with the financial regulations
4. The RFO actions the deposit/transfer of funds
5. The transfer/deposit is reported to the council
6. At the end of the fixed term the RFO has delegated authority to move the funds into another bond with the same financial institution or with another of the council's bankers.

Procedure for Bank Transfers

1. Delegated authority is given to the RFO to make transfers between the accounts of the same bank without prior approval of the council.
2. Transfers between banks will follow normal payment procedure as detailed in the financial regulations

Details of all transfers to be provided to the council with the bank reconciliations.