

Aston Clinton Parish Council

Investment Strategy

Adopted: January 2022 Next Review: July 2025

1. Introduction

Aston Clinton Parish Council (ACPC) acknowledges the importance of prudently investing surplus funds held on behalf of the community.

This strategy complies with the revised requirements set out in the Office of the Deputy Prime Minister's Guidance on Local Government Investments and takes account of the Section 15(1) (a) of the Local Government Act 2003.

2. Investment Objectives

ACPC's investment objectives are:

- a) Security of its funds.
- b) Liquidity of its investments to meet council's needs.
- c) To optimize the return on its investments commensurate with a prudent view of risk to reward

All investments will be made in sterling, as a minimum surplus funds will be aggregated in an interest-bearing bank account..

Government guidance maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and ACPC will not engage in such activity.

3. Specified Investments

Specified Investments are those offering high security and high liquidity, made in sterling and with a maturing of no more than a year.

ACPC will aim to achieve the optimum return on its investments commensurate with the proper level of security and liquidity.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, ACPC will use:

- Deposits with banks, building societies, local authorities or other public authorities
- The Debt Management Agency of HM Government (Public Works Loans).

The choice of institution and length of deposit will be at the approval of Full Council.

4. Non-Specified Investments

These investments have greater potential risk – examples include investment in the money market, stocks and shares.

Given the unpredictability and uncertainty surrounding such investments ACPC will not use this type of investment.

5. External Borrowing Strategy

ACPC acknowledges the importance of borrowing funds and the financial impact on the council and the local community.

ACPC will agree borrowing for specific capital projects as defined in Section 16 of the Local Government Act 2003.

All borrowing must be approved by Full Council.

ACPC will ensure the following criteria when considering requesting borrowing approval:

- The borrowing should only be used for the purpose of capital expenditure as defined by Section 16 of the Local Government Act 2003.
- Any unallocated balances including, where appropriate capital receipts beyond those required for the prudent financial management of the council, should be used in the project for which the borrowing is required.
- The council should have a realistic budget for the servicing and repayment of the debt, taking into account the future effect on the council's precept and cash flow.
- The council must not mortgage or charge any of its properties as security for money borrowed.

ACPC will determine the period of each loan which should not exceed the period for which the expenditure is forecast to provide benefit to the council i.e. useful life of the asset.

6. Risk Assessments

There will be due regard to the Financial Services Compensation Scheme as this covers up to £85,000 with any one institution.

ACPC will aim to spread 'specified investments' over a range of different providers in such a way as to limit exposure and minimise risk.

The Responsible Financial Officer (RFO) in consultation with Full Council will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

APCP will monitor the yield on investments by having regard to the general financial, economic and political environment nationally.

All resolutions relating to investments will be noted in the minutes.

7. Reporting on Investment Performance

Investment performance will be circulated quarterly to Full Council.

Investment forecasts for the next financial year will be accounted for when the budget is prepared.

At the end of the financial year, the RFO will report on investment activity to Full Council.

8. Review and Amendment of Regulations

ACPC's investment position will be reviewed regularly by the RFO and reported to Full Council for consideration.

The council's investment strategy will be reviewed annually.

ACPC reserves the right to make variations to the strategy at any time subject to the approval of Full Council. Any variations will be minuted and made available to the public.

9. Freedom of Information

In accordance with the Freedom of Information Act 2000 this document will be available on the ACPC website www.astonclinton.org and in paper form from the ACPC office.