

## Parish Council Investment Strategy

### Policy

In accordance with Government advice, Council investment policy should be based upon:

Security – Liquidity – Yield .....in that order.

### Background

The Council's approach to banking and investment has been unchanged for a considerable time.

Day-to-day matters are processed through a cheque account at Lloyds in conjunction with a deposit account. The Parish Clerk makes transfers between the accounts to ensure that there is sufficient to pay bills and to put any "excess" on deposit. As the amount paid in interest on the deposit account is now negligible Council are invited to consider whether an improvement in yield should be sought.

Reserves have been built up and, whilst it is essential to have ready access to contingency funding – i.e. the liquidity requirement, it is unlikely that significant expenditure at ARG would take place without adequate notice.

### Current Position

Current balances are approximately:

Deposit account	£44,000
Cheque account	£3,500

Included in the deposit account are reserves:

ARG	£18,750
Contingency	£9,000
Elections	£2,500
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	£30,250

### Options

Option 1 : retain the current approach.

Option 2 : within the policy stated above, move some of the current deposit account to an interest bearing investment account .

An example of such an account is the Co-operative Bank's Fixed Rate Deposit Account which is marketed at local authorities.

Current rates are:

Term	£10,000 - £99,999
1 Month	0.6875%
3 Month	1.3750%
6 Month	1.7500%
12 Month	2.5000%

Example: £20,000 invested in the 6 month term account for a year would produce an annual income of £350.

### **Recommended Strategy**

Council will ensure that adequate secure liquidity is maintained by use of the current checking and deposit accounts to deal with in-year expenditure and contingency.

Reserve funds which are unlikely to be required in the short term will be deposited in order to obtain interest in a secure environment. Initially this will consist of £20,000 deposited for 6 months in the Co-operative Bank's Fixed Rate Deposit Account. After 6 months this may be re-invested subject to Council approval.

Regular financial reports will be made to Council and the Strategy will be reviewed at least annually.

Bryan Nanson  
August 2012