



Local Government for Langton Green, Speldhurst, Ashurst and Old Groombridge

Investment Policy

The purpose of the Investment Policy is to formulate a framework for the prudent investment of Council funds and will be the Council's Investment Strategy.

The Local Government Act 2003 s12 (b) states that a Parish Council has the power to invest for the purpose of the prudent management of its financial affairs. Under the same act the Department for Communities and Local Government (DCLG) issued guidance on Local Government Investments in April 2010 which states that where a Parish Council expects its investments at any time during a financial year to exceed £10,000 but not exceed £500,000, it should decide on a strategy or guidance for the financial year. This guidance can be reviewed within that financial year.

The primary concern shall be security and liquidity of public money and any decision on investment income and yield will only be considered when the prudential objectives are satisfied.

All Investments will be in sterling and should not exceed one year unless the funds are to be used for capital projects.

The following factors should be considered

- a) Security of funds is paramount¹
- b) Ensuring that there are adequate funds available for working capital²
- c) Short term money market rates vary therefore the Council should seek a higher return only where the credit risk is acceptable

Market conditions for investing funds are constantly changing and need to be regularly reviewed in light of this and should be a constant item on the Finance Committee agenda. Finance Committee members should therefore undertake to keep themselves informed of trends and investment news and be aware of credit ratings when making decisions. The Finance Committee has the authority to invest funds on behalf of the SPC.

The policy, together with the Investment Plan (appendix 1), will be reviewed for adoption annually by Full Council at the March Meeting so that it is in place for the following financial year.

¹ Since May 2015 Parish Councils are now covered by the Government FCS guarantee of up to £85,000* per Banking group (*from Jan 2017).

² At present SPC has about £200,000 in four accounts

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| Unity Trust (working capital) | £50,000 |
| HSBC (0% interest) | £5,000 |
| Cambridge Building Society | £75,000 |
| Hampshire Trust Bank | £80,000 |

2020/21 INVESTMENT PLAN

Appendix 1

Speldhurst Parish Council uses Unity Bank for its day-to-day banking transactions.

The Council maintains a reserve of £50,000 and is earmarking further amounts to pay for future improvements/repairs to its assets to avoid any large increases in the precept.

The Council ensures that all funds are protected by the Financial Services Compensation Scheme (FSCS) by spreading its money across further accounts. Balances across all financial institutions are regularly kept below the protection threshold (currently £85,000).

The Finance Committee and the Clerk as Responsible Financial Officer will review the position at each Finance Committee meeting and take action as appropriate to deal with any change in circumstances.

This Plan, together with the Investment Policy, will be reviewed annually by Full Council at the March meeting so that it is in place for the financial year.