

Rottingdean Parish Council

Investment strategy

The Council acknowledges the importance of prudently saving and investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty. This policy complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments and takes into account Section 15(1)(a) of the Local Government Act 2003 and guidance within Governance and Accountability for Local Councils Practitioners Guide 2018.

Parish Councils have the power to invest surplus funds and the Local Government Act 2003 states that a local authority may invest:

- For any purpose relevant to its functions under any enactment.
- For the purpose of prudent management of its financial affairs.

The Council defines its treasury management activities as ‘the management of the Council’s cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks’.

Investment objective

1. In accordance with Section 15(1) of the 2003 Act, the Council will have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify.
2. The Council’s investment priorities are the security of reserves and the liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
3. All investments will be made in sterling.
4. The Department for Communities and Local Government maintains that borrowing of monies purely to invest or to lend and make a return, is unlawful and this Council will not engage in such activity.

Specified investments

1. Specified Investments are those offering high security and high liquidity, made in sterling and maturing within 2 years. Such short-term investments made by the UK Government or a local authority, or town, parish council will automatically be Specified Investments.
2. For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use deposits with banks, building societies, local authorities or other public authorities,
3. Currently the Council will invest spare monies in banks which satisfy the risk analysis as agreed by the Council. To satisfy this strategy each bank must hold a UK banking licence. Consideration will also be given to other factors such as tier one capital ratios and credit ratings issued by major Credit Rating Agencies.
Monies can also be invested in NS&I products as NS&I is part of the UK Treasury department.
4. The Responsible Finance Officer will monitor the level of balances in the Council bank accounts and ensure that they do not exceed the Financial Compensation Scheme limits for reimbursement.

Liquidity of investments

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1. The Responsible Finance Officer in consultation with Rottingdean Parish Council will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

Investment reports

1. The Responsible Finance Officer will prepare a report on investment activity on a quarterly basis for presentation to the full Council.

Review and amendment of regulations

2. The Strategy will be reviewed within two years of the approved date below. The Responsible Finance Officer will carry out this review and make recommendation to the Full Council. The Council does not employ in-house or any external financial advisors but will rely on information which is publicly available.
3. The Council reserves the right to make variations to the Strategy at any time, subject to the approval of the full Council. Any variations will be made available to the public.

Approved at Council May 2020

Extract from RPC Standing Orders

<https://secure.toolkitfiles.co.uk/clients/24209/sitedata/2016&17/c.-Updated-FINANCIAL-REGS-June-2017.pdf>

Loans and investments (Page 4)

All loans and investments shall be negotiated in the name of the Council and shall be for a set period in accordance with Council policy.

All investments of money under the control of the Council shall be in the name of the Council.

All borrowings shall be effected in the name of the Council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the Council as to terms and purpose.

All investment certificates and other documents relating thereto shall be retained in the custody of the RFO or the Clerk.