

Ludgvan Parish Council

Investment Policy

Approved by Council – 12 April 2023

1. The Investment of surplus funds by local authorities is governed by the Local Government Act 2003, section 15(1)(a) and Guidance issued by the Secretary of State under that Act. This applies to Investments between £10,000 and £500,000.
2. The Guidance recommends that a council produces an Annual Investment Strategy which sets out its policy for managing the council's investments and giving priority to liquidity and security.
3. A 'specified investment' is one which is made in sterling, not long term (less than 12 months) not defined as capital expenditure and is placed with a body which has a high credit rating or made with the UK Government, a UK Local Authority or a parish or community council.
4. Any other type of investment is considered 'non specific investment' to which there can be greater risk and where professional investment advice might be required.
5. Local authorities should keep strategies simple and maintain prudence at all times.

Objectives

The council's priorities are, in the following ranking order:

- (i) The security of capital to minimise the risk of losses;
- (ii) The liquidity of investments to meet the cash flow needs of the council;
- (iii) Maximising income within the framework of the national economic situation.

The council will aim to achieve a high rate of return on investments commensurate with adequate safeguards of security and liquidity.

Strategy

Ludgvan Parish Council (the Council) has adopted the following Investment Policy:

1. All investments and deposits will be with UK registered banks or building societies.
2. All investments, deposits and interest will be in £ sterling.
3. Investments for current expenditure (if used) will be on instant access deposit accounts with a daily feeder to the current account.
4. Investments not required for current expenditure (i.e. the general reserve) may be placed on longer deposits of up to 12 months.

Governance and Risk

There will be due regard to the Financial Services Compensation Scheme and the Parish Council will aim to spread 'specified investments' over at least two different providers in such a way as to limit exposure and minimise risk.

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

The Parish Council will monitor the yields 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.