

Annual Investment Strategy 2024-2025

1. Introduction

As part of its fiduciary duty, Sutton Bridge Parish Council (the Council) acknowledges the importance of prudently investing any surplus funds held on behalf of the community.

This Strategy complies with:

- The revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments.
- Section 15(1)(a) of the Local Government Act 2003; and,
- Guidance within Governance and Accountability for Local Councils Practitioner's Guide 2018.

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.”

2. Policy

This strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks and should be read in conjunction with the Council's Financial Regulations.

3. Investment Objectives

3.1. The Council's investment priorities are:

- a) the security of its reserves, and
- b) the adequate liquidity of its investments, and
- c) the return on investment – the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

3.2. All investments will be made in sterling.

3.3. The Department of Communities and Local Government maintains the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.

3.4. The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies.

3.5. Investments will be spread over different providers where appropriate to minimise risk.

4. Specified Investments

4.1. Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government or a local authority or town or parish council will automatically be Specified Investments.

4.2. 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
- Other approved public sector investment funds.

4.3. The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

5. Non-Specified Investments

5.1. These investments have greater potential risk – examples include investment in the

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money market, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council will not use this type of investment.

6. Long Term Investments

- 6.1. Long term investments are defined in the Guidance as greater than 12 months.
- 6.2. The Council does not currently hold any funds in long term investments.

7. Annual Investment Strategy Setting Process

- 7.1. As part of the Council annual budget setting process, a cash flow and investment forecast will be drawn up by the Responsible Financial Officer (RFO).
- 7.2. A review of current investments against available investment opportunities will be undertaken.
- 7.3. Alongside the draft budget, each year a draft annual investment strategy will be drawn up by the Finance Committee for approval by full Council. The strategy will include:
 - A list of authorised investments, with investment priorities.
 - The maximum sum that may be committed to any investment.
 - The maximum period to which an investment sum may be committed.
- 7.4. The RFO will be responsible for implementing the annual investment strategy approved by the full Council.
- 7.5. Management and access to investment accounts will be in accordance with the Council's Financial Regulations.

8. Investment Strategy 2024-2025

- 8.1. For the financial year 2024-25 the Council will invest as much of its balances as possible in low-risk products in order to achieve its investment objectives.
- 8.2. The Council will only invest in Specified Investments protected under the Financial Services Compensation Scheme (FSCS).
- 8.3. No funds greater than £85,000 will be kept with any one provider.
- 8.4. Funds required for immediate expenditure (less than 1 month), plus a £10,000 contingency sum, will be split between:
 - TSB Treasurer's Account (FSCS reference 191240)
 - Unity Trust Account (FSCS reference 204570)
- 8.5. Surplus funds over that defined in 8.2 above will be split between:
 - TSB Business Instant Access Account (FSCS reference 191240)
 - Two other investment accounts to be approved by the Parish Council (as set out under item 4. Specified Investments).

9. End of Year Investment Report

- 9.1. The Responsible Finance Officer will report on investment activity to the Finance Committee.

10. Review and Amendment of Regulations

- 10.1. The Annual Investment Strategy will be reviewed annually and revised as necessary.
- 10.2. The Council reserves the right to make variations to the Investment Strategy at any time subject to the approval of Council. Any variations will be made available to the public

11. Freedom of Information

In accordance with the Freedom of Information Act 2000, the Council's Investment Strategy is available as a hard copy from the Parish Council offices, and is published on the Council's website: <http://parishes.lincolnshire.gov.uk/SuttonBridgeandWingland/>