Savings & Investments Policy

Presented to Finance & Governance Committee on 16 February 2023

1. INTRODUCTION

1.1 Hurstpierpoint & Sayers Common Parish Council acknowledges the importance of prudently investing funds held which are not needed to support the daily cashflow requirements of the Parish Council.

1.2 This policy has been prepared using reference to:

- Statutory Guidance on Local Government Investments: Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) under s.15(1)(a) of the LGA 2003
- Chartered Institute of Public Finance and Accountancy (CIPFA) Investment Guidance
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
- Guidance on Local Government Finance issued by the Joint Practitioners' Advisory Group (JPAG)
- The Parish Council's adopted Financial Regulations.

1.3 The Local Government Act 2003 requires the council to prepare an Annual Investment Strategy which sets out the Parish Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Act provides the power to invest (a) for any purpose relevant to its functions under any enactment or (b) for the purpose of the prudent management of its financial affairs.

1.4 The Parish Council's Annual Investment Strategy is incorporated in this policy. The Parish Council will make investment decisions in line with the principles outlined in this policy and acknowledges its responsibilities regarding transparency and democratic accountability.

2. OBJECTIVES

2.1 A prudent savings and investment policy will have two underlying objectives – security (protecting the capital sum invested from loss) and liquidity (ensuring the funds invested are available for expenditure when needed).

2.2 Therefore, the Parish 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

2.3 The MHCLG maintain the position that the borrowing of money purely to invest or to lend and make a return is unlawful and the Parish Council will not engage in such activity.

2.4 The Parish Council will aim to maximise the depositor protection available to it through the Financial Services Compensation Scheme (FSCS) or subsequent scheme in force.

3. DEFINITION OF INVESTMENTS

3.1 **Short term investments** are those which have a maturity of 12 months or less. Investments will be regarded as commencing on the date on which the funds are invested. As a preference, the Parish Council will use deposits with banks or building societies for short term investments and may include instant access accounts where it is appropriate to do so. Short term investments are considered as bank accounts and remain on the Parish Council's balance sheet.

3.2 **Long term investments** are those which have a maturity of 12 months or more. On acquisition, long term investments will be recorded in the accounting records of the Parish Council as expenditure in the year and added to the Parish Council's asset register. At maturity the total proceeds will be recorded as income, and the long term investment will be removed from the Parish Council's asset register.

3.3 **Non specified investments** are those which have potential greater risk and include investments in the money market, stocks and shares. Given the unpredictability of such investments, and considering the objectives of this policy, the Parish Council will limit exposure to this type of investment to a maximum of 25% of all investments held.

4. ANNUAL INVESTMENT STRATEGY

4.1 All investments and deposits will be made in pounds sterling with UK registered financial institutions covered by the depositor protection available through the FSCS (or subsequent scheme in force).

4.3 Investments and deposits to support the daily cashflow requirements of the Parish Council will be held in instant access current and/or savings accounts.

4.4 Investments and deposits not required to support daily cashflow requirements (general and/or earmarked reserves) may be placed in either short or long term investments, as defined within this policy.

4.5 All investments will be managed and administered by the Responsible Financial Officer (RFO), who will ensure that dates of maturity are advised to the Finance & Governance Committee to allow enough time for it to consider re-investment options.

4.6 The Parish Council does not currently employ in-house or externally any financial advisors but will rely on information which is publicly available supported by professional guidance as necessary. Any organisation, person or company, giving such advice, including professional financial advisors will be required to ensure that advice given complies with this policy.

4.7 The Parish Council has overall responsibility for savings and investment decisions. Councillors do not necessarily need formal training in understanding investment risks to satisfy the requirements of the statutory guidance. Depending on their level of expertise a presentation setting out the risks and opportunities of an investment strategy/specific investment in terms a layman would understand, will be enough to meet the requirements.

5. TREATMENT OF INTEREST RECEIVED

5.1 Interest received during the financial year on the combined current, savings and investment accounts held will be recorded in the council's accounts under the cost centre named 'interest received'.

5.2 On the 31 March each financial year, the total amount of interest received will be split proportionately compared to the year end balances held on general reserve, earmarked reserves and current year fund. The appropriate proportion of interest received will be added to the relevant earmarked reserve.

6. REVIEW

6.1 This policy will be reviewed by the Finance & Governance Committee on an annual basis and shall be submitted for approval of the Full Council prior to the start of the financial year.

6.2 The Parish Council reserves the right to make variations to the policy at any time. Where it is proposed to make a material change to the Annual Investment Strategy during the year, revisions should be presented to Full Council for approval before the change is implemented.

7. FREEDOM OF INFORMATION

7.1 In accordance with the Freedom of Information Act 2000, this policy will be posted on the Parish Council's website and a hard copy will be available at the Parish Office.