



# ALSTON MOOR PARISH COUNCIL

## INVESTMENT STRATEGY 2023/24

### PURPOSE

Alston Moor Parish Council invests reserves and surplus funds which are not immediately required to meet expenditure.

This strategy provides a framework for the secure and prudent investment of those monies and adopts the relevant principles of statutory guidance issued under the Local Government Act 2003 and of CIPFA codes of practice.

#### The Guidance states:

- a) Where a town or parish council expects its investments at any time during a financial year to exceed £100,000, the Guidance should apply in relation to that year.
- b) Where a town or parish council expects its investments at any time during a financial year to exceed £10,000 but not £100,000, it should decide on the extent, if any, to which it would be reasonable to have regard to the Guidance in relation to that year.
- c) Where a town or parish council expects its investments at any time during a financial year not to exceed £10,000, no part of the Guidance need be treated as applying in relation to that year.

Alston Moor Parish Council expects its investments during the 2023-2024 financial year to exceed £100,000 and therefore has agreed to apply the Guidance as set out below.

### INVESTMENT OBJECTIVES

Investments made by the council can be classified into one of two main categories:

- Investments held for treasury management purposes: and
- Other investments

In 2023/2024 the council investments will only be held for treasury management purposes.

Investment opportunities are assessed in terms of three objectives; the Council aims to obtain the best possible return commensurate with proper levels of security and liquidity.

- **Security** (protecting the investment from loss).
- **Liquidity** (ensuring the money is available for expenditure when needed).
- and, providing the above objectives have been met,
- Obtaining the best **Yield**.

## **TYPES OF INVESTMENT**

The Council will not invest in non-financial assets such as commercial property.

The Council will only place funds in specified investments, as defined by the Secretary of State, which offer high security and high liquidity. These investments are made in the Council's name and are:

- Made in sterling
- Have a maturity of no more than one year
- With a counterparty which is the UK Government, a local authority or a body of high credit quality.

For the 2023/24 financial year, the Council does not intend to use non-specified investments (i.e., those which do not meet these criteria) as these are generally considered to be of higher risk and would require specialist advice.

## **RISK ASSESSMENT**

The Parish Council's reserves are covered by the Financial Services Compensation Scheme up to the deposit limits of the scheme and must therefore be carefully managed to mitigate the risk of losses.

The Council does not employ external treasury advisors or subscribe to a credit rating agency. It bases its assessment of the risk attaching to potential investments with counterparties on their publicly available information, organisational structure and asset size. The Council will also have regard to the amount of funds placed with a single institution.

## **APPROVED COUNTERPARTIES**

The following counterparties are approved for the investment of surplus funds by the Council, with a duration of no longer than twelve months:

- HM Government and its agencies
- Local Authorities
- UK Clearing Banks
- Building Societies with an asset base in excess of £1,000 million or smaller societies where there are strategic or local considerations, limited to a principal investment of £85,000 with a single society.
- UK FCA regulated qualifying money market funds with an AAA rating (Fitch credit rating).
- Credit Unions serving the local area

## **TREASURY MANAGEMENT RESPONSIBILITIES**

All investments are made in the name of the Parish Council and will be approved by Full Council.

The Parish Council recognises that Officers and Cllrs might not have expertise in investment analysis. We aim to use simple financial instruments that do not require expert knowledge. Our

annual investment strategy will be recommended by the RFO/Clerk and reviewed by the DGP Committee prior to being presented to Full Council for approval.

If the Parish Council should wish to consider more complex investments Officers and Cllrs will require appropriate training or professional advice should be sought. The Council will not make investments unless they have enough understanding to make an informed decision.

#### **ACTIVITIES FOR 2023/24**

The Parish Council holds funds in HSBC and Unity Trust banks with current and deposit accounts. Funds are also held in the PCCU Credit Union. The Parish Council may also consider investing in the Public Sector Deposit Fund (PSDF) for funds that have been allocated for specific projects and general reserves. The council will adopt a cautious approach to investing surplus monies to ensure that its bank account balance is always sufficient to meet short- term requirements.

#### **REVIEW**

This strategy will be subject to annual review in advance of each financial year.