

# STRATTON ST MARGARET PARISH COUNCIL



## ANNUAL INVESTMENT STRATEGY

Financial Policy Number Three		
Issue No.	Date completed	Details of amendments
One	26/01/2010	Full Council Min Ref: 117/09
One	07/12/2010	Reviewed by the Audit & Governance Sub Committee

**1.0 Introduction**

- 1.1 The strategy has been produced and complies with the guidance issued by the Secretary of State under Section 15(1) (a) of the Local Government Act 2003.
- 1.2 Stratton St Margaret Parish Council acknowledges its responsibility to the community and the importance of prudently investing the temporary surplus funds held on behalf of the community.

**2.0 Objectives**

- 2.1 The general policy objective for this Council is prudent investment of its balances. The Council's investment priorities are:-
- (i) the security of its reserves  
and
  - (ii) the liquidity of its investments.
- 2.2 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

**3.0 Policies**

- 3.1 All the Parish Council's investments will be Specified Investments which are those offering high security and high liquidity. This means that:-
- (i) All investments will be made in sterling and any payments or repayments will also be made in sterling.
  - (ii) All investments will be short term investments which will not exceed a maximum of twelve months.
  - (iii) All investments will be made with a body or investment scheme which has been awarded a high credit rating by a credit rating agency<sup>1</sup>. (A high credit rating will be defined as 'A' 'High Credit Quality'.)
  - (iv) All investments will be made in UK banks and building societies.
- 3.2 Credit Ratings will be monitored at quarterly intervals. If the credit rating falls during that period, the Responsible Financial Officer, in consultation with the Chair and Vice Chair of the Finance Committee and the Parish Clerk, will decide on the appropriate action. Credit ratings will be reported to each meeting of the Finance Committee.

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<sup>1</sup> A credit rating agency is defined in the guidance as one of the following three companies: Standard and Poor's; Moody's Investors Service Ltd; Fitch Ratings Ltd.

- 3.3 For prudent management of its balances, the Parish Council, maintaining sufficient levels of security and liquidity, will adopt a policy whereby funds which are likely to be surplus for up to three months can be invested in short term deposits with one or more of the UK major clearing banks and/or building societies.
- 3.4 (The Department of) Communities and Local Government maintain that borrowing of monies purely to invest, or to lend and make a return is unlawful and the Parish Council will not engage in such activity.
- 3.5 The Responsible Financial Officer in consultation with the Mayor, the Chairman of Finance Committee and the Parish Clerk will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

**4.0 Review and Amendment of the strategy**

- 4.1 Through the Finance Committee, the Responsible Financial Officer will review this strategy annually for approval by the Full Council when annual estimates are being considered.
- 4.2 At the end of the financial year during the preparation of accounts the Responsible Financial Officer will also report on investment activity.
- 4.3 The Finance Committee may recommend variations of the strategy for approval by the Full Council in accordance with the guidance from the Secretary of State.
- 4.4 The Finance Committee will review the Parish Council's banking arrangements every two years.
- 4.5 The Finance Committee will consider the placement of the Parish Council's deposits every six months.