

Milborne Port Parish Council

Investment Strategy

Overview

This document sets out the Investment Strategy for Milborne Port Parish Council from 2023 and in line with statutory guidance issued in 2018 from Local Government Act 2003 s15(1)(a).

The council is committed to effective management of its investments to ensure that:

- ❖ It maintains the security of its cash balances whilst retaining sufficient liquidity to meet its spending plans.
- ❖ Any capital expenditure plans are affordable.
- ❖ Any external borrowing or long-term liabilities are within prudent and sustainable levels.

Investment Strategy

The council acknowledges the importance of prudently investing any cash balances that it holds during its normal business on behalf of the community of Milborne Port.

In accordance with section 15(1)(a) of the Local Government Act 2003 the council will have regard to any guidance and regulations that the Secretary of State may issue.

The RFO shall from time to time review the options available for the investing of cash reserves and obtaining the optimal levels of return within the confines of acceptable service provider profile and risk set out in this strategy, and the operational time required to manage multiple providers. Where, following a review, improved returns may be available the RFO shall bring potential options and recommendations to the attention of the Council for discussion and resolution.

Investments

The council's investment priorities are the security of its cash reserves and the liquidity of its investments. The council will aim to achieve the optimum return on its investments commensurate with appropriate levels of risk management and the security of cash balances.

The Council will only make deposits in specific large, UK banks or building societies, with a high credit rating and profile, or UK government authorities.

The council's deposits are currently held with Barclays Bank (2 separate accounts)

Liquidity

The council holds £5,000 in its current account, automatic transfers are made from the council's reserve (interest paying) account to keep the current account at £5,000, in order for the council to undertake its normal business. It is the reserve account in to which the precept is paid.

Long term investments (greater than 1 year)

Any decisions regarding long-term investments will be made by full council, which will agree the length and amount of the investment, after consideration of the risks and security against the potential yield of the investment

Risk Assessment

The council is covered under the Financial Compensation Scheme, but only up to the maximum up to £85,000 per eligible person/ business, per bank, building society or credit union.

The Council will, in this connection, consider the risk profile of its savings on a regular basis, to assess the merits of holding more than £85,000 with any single UK financial institution. The Council will formally confirm, at least once a year, at the time of setting its annual budget, its decision to continue with, or seek to change, existing banking and investment relationships with current providers.

Reporting of performance

Investment performance will be reported back to the Full Council and an annual summary will be included in the end of year financial reports.

External borrowing

The council acknowledges that that it has an ambitious Strategic Plan and to deliver this it may need to consider seeking borrowing approval from the council.

The council will only agree borrowing for specific capital projects, as defined in Section 6 of the Local Government Act 2003.

Before a council can borrow money, it must obtain approval from the Department for Levelling Up, Housing & Communities. This application would be submitted via Somerset Association of Local Councils (SALC) who will review the application.

Any such application will require approval from full council.

The council does not currently have any external borrowing and is not considering it for the period of 2023/24

Adopted: November 2023

Document Review

The policy will be reviewed every 3 years.