

Dunstable Parish Council

Policy Statement on Annual Investment Strategy

1. Introduction

1.1 Dunstable Parish Council acknowledges the importance of prudently investing any temporarily surplus funds held on behalf of the community.

1.2 This Strategy complies with the revised requirements set out by the Secretary of State under section 15(1)(a) of the Local Government Act 2003.

1.3 The council knows that the investments during the previous, current and next financial years will exceed £100,000 and therefore the strategy complies with the guidance.

2. Investment Objectives

2.1 In accordance with Section 15(1) of the 2003 Act, the Council will have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify.

2.2 The Council's investment priorities are the security of reserves and its liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

2.3 All investments will be made in sterling.

2.4 The Guidance maintains that borrowing of monies purely to invest or to lend and make a return is unlawful, and this Council will not engage in such activity.

3 Investment Categories

All the Council's investments are categorised as treasury management investments.

3.1 Specified Investments (see appendix 1)

Specified Investments are those offering high security and high liquidity, made in sterling and maturing within 1 year. Such short term investments made with the UK Government or a local authority, or town, parish council will automatically be Specified Investments. For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use deposits with banks, building societies, public sector fund managers, local authorities or other public authorities.

3.2 Non-Specified Investments

A non-specified investment is any financial investment that is not a loan and does not meet the criteria to be treated as a specified investment. These have a greater potential risk - examples include investment in the money market, stocks and shares.

3.3 Loans

The Council does not foresee taking out any loans for the current period but if an opportunity requiring a loan was presented, borrowing may be considered. The Council does not foresee

making any loans but may consider loaning to Waverley Borough Council in order to invest in Money Market Funds.

3.4 Non-Financial Investments (see appendix 1)

Non-financial investments are non-financial assets that the organisation holds primarily or partially to generate a profit. The Council has limited non-financial investments

4. Security, Liquidity and Yield of Investments

4.1 The Council's investment priorities are the security and then the liquidity of its investments. The Council will aim to achieve the optimum yield on its investments commensurate with proper levels of security and liquidity.

4.2 The Council Finance Committee in consultation with the Clerk/Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

5. Long Term Investments

Long term investments shall be defined as greater than 12 months. The Council will use the same criteria for assessing long term investment as identified above for specified investments. The Council does not currently hold any long term investments.

6. Indicators for Investment

Indicators are used to understand investment decisions covering the next investment year for investments other than treasury management investments or those over 1 year. The Council holds none of these.

7. Investment Approval

The Council will consider and make investments, in accordance with the Annual Investment Strategy, Financial Regulations and Community Infrastructure Levy Expenditure Policy. These investments will be recorded at the appropriate full council meeting.

8. Investment Income

Income from all investments will be considered as general income.

9. Investment Reports

Twice yearly the Responsible Finance Officer will prepare a report on investment activity for the full Council.

10. Review and Amendment of Regulations

The Strategy will be reviewed annually. The Council does not employ in-house or externally any financial advisors but will rely on information which is publicly available. The Council reserves the right to make variations to the Strategy at any time, subject to the approval of the full Council. Any variations will be made available to the public.

11. Risk Assessment

The risks associated with investments will be kept to a minimum by using high quality organisations including the United Kingdom Government, a local authority in England or Wales or a parish council or community council. Currently the Council will invest spare monies in banks and other appropriate financial organisations as agreed by the Council. To satisfy this strategy each bank must hold a UK banking licence. Consideration will also be given to other factors such as tier one capital ratios and credit ratings issued by major Credit Rating Agencies.

12. Capacity Skills and Culture

Decisions will be made by the Council at the recommendation of the Clerk/Responsible Financial Officer following research of publicly available material. No investments will be made other than with high quality organisations as listed above. Should other investment vehicles be considered professional advice should be sought from an appropriate provider. The Internal Auditor would also consider the Council's Governance overview in his/her activities.

13. Freedom of Information

In accordance with the Freedom of Information Act 2000, this Document will be posted on the Parish website and a hard copy will be available from the Parish office.