

LYTCHETT MATRAVERS PARISH COUNCIL ANNUAL INVESTMENT STRATEGY

1. OVERVIEW

This document gives guidance on borrowing and investments by Lytchett Matravers Parish Council in accordance with 'the Local Government Act 2003'. It highlights that the Council is committed to Treasury Management to ensure that:

- * Capital expenditure plans are affordable
- * All external borrowing and other long term liabilities are within prudent and sustainable levels, and
- * Treasury Management decisions are taken in accordance with good professional practice

The CIPFA Treasure Management Code of Practice defines Treasury Management as:

'The management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

"Investments" in the definition above covers all the financial assets of the organisation, as well as other non-financial assets which the organisation holds primarily for financial returns, such as investment property portfolios. This may therefore include investments which are not managed as part of normal treasury management or under treasury management delegations. All investments require an appropriate investment and management and risk management framework under this Code.

2. INVESTMENT STRATEGY

2.1. Introduction

The Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

This Strategy complies with the revised requirements set out in the Department for Communities and Local Government's (formerly the Office of the Deputy Prime Minister) Guidance on Local Government Investments and Chartered Institute of Public Finance and Accountancy's Treasure Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes and takes account of the Section 15(1)(a) of the Local Government Act 2003.

2.2. Investment Objectives

In accordance with Section 15(1) of the 2003 Act, the Council will have regard to (2) such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify.

The Council's investment priorities are the security of reserves and liquidity of its investments.

The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

All investments will be made in sterling.

The Department for Communities and Local Government 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.

Where external investment managers are used, they will be contractually required to comply with the Strategy.

2.3. Specified Investments

Specified investments are those offering high security and high liquidity made in sterling and with a maturity of no more than a year. Such short term investments made with the UK Government or a local authority or town or parish council will automatically be Specified Investments.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Lytchett Matravers Parish Council will use:

- * Deposits with banks, building societies, local authorities or other public authorities
- * HM Government issued bonds/securities

2.4. Non-Specified Investments

These investments have greater potential risk – examples include investment in the money market, stocks and shares.

Lytchett Matravers Parish Council will invest in investment securities of industry standard risk level 3 or less (on a scale of 1 to 10). These securities will have a maturity of less than 1 year.

2.5. Liquidity of Investments

The Responsible Financial Officer will as part of the annual budgeting process recommend to the Full Council the investment plan including an assessment of the likely impact on the liquidity of Parish Council funds. Such an investment plan will specify the total amount invested and the maximum investment period of each investment type.

Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the counterparty.

2.6. End of Year Investment Report

Investment forecasts for the coming financial year were accounted for when the budget was prepared.

Investment performance is reviewed quarterly with the Responsible Finance Officer who reports to the Finance and General Purposes Committee.

Investment returns are included in the budget for the next financial year and allocated accordingly.

3. EXTERNAL BORROWING STRATEGY

The Council acknowledges the importance of borrowing funds and the financial impact on the Council.

At this stage the Council has no need to borrow and therefore has not yet determined its external borrowing strategy. This will be fully set out as and when that situation requires updating.

Adopted by Full Council 25th April 2018