

Redbourn Parish Council Investment Policy August 2013

Background/Authority

This paper, in accordance with the National Association of Local Councils policy paper Number P07/04, dated 17/3/04, sets out the Investment Strategy of Redbourn Parish Council. All Parish Councils, with assets, at any time of the year, in excess of £500,000 are obliged to have a formal Investment Strategy. This strategy was approved by the Finance Committee on 15th November 2004 and the Full Parish Council on 16th December 2004. Any changes to this Strategy require approval by the Full Council.

Aim

The main asset of Redbourn Parish Council is the monies that have been built up over the years mainly via 'wayleaves'. It is essential that this asset, which will be used over time to fund community projects, is invested in a prudent manner whilst at the same time protecting and maximising its value in real terms. This paper establishes guidelines to ensure that this occurs.

Strategy

- Any investment shall be limited to money markets deposits. No investments shall be made in equities or bonds.
- All investments shall be denominated in Sterling.
- The investment shall be placed with a reputable, triple 'A' rated bank ('the investing bank').
- The term / duration of the investment shall be adjusted as and when deemed necessary to ensure an optimal balance between liquidity and the achieved rate of return. When 3, 6 or 12 month interest rates are at least ¼% higher than 1 month rates, consideration should be given to whether an element of the total amount shall be invested on a three to six month basis. The main point to be considered is whether interest rates will rise enough over the period to compensate for taking a lower rate initially. A residual amount to cover short term costs, planned capital spending and a 'buffer' for unforeseen expenses should be kept either on one month deposit, cash at bank or petty cash.
- The maximum duration of any investment shall be 12 months.
- On a periodic basis (c. once / twice a year) the rates of return being achieved should be market tested.

Implementation - Guidelines

- The duration over which any money market investment is made should be rounded down/up from 1, 3, 6 or 12 months to correspond to the date of the nearest full council meeting.
- All capital relating to wayleave monies should be kept separate. Likewise, interest accrued on the balance in the 'wayleave' account should be separately identified and allocated to this account.
- All money market transactions, in accordance with this paper and discussions and decisions, from time to time, at Finance Committee meetings, regarding issues highlighted in point 3d shall be effected by the Clerk in consultation with the Chairman of the Finance Committee or the Vice Chairman of the Finance Committee. The names of the persons filling these posts shall be communicated to the investing bank in accordance with point 4d.
- Any change in procedure (including importantly any change to the bank account, to which receipts from money market deposits are paid into) will be agreed by the Full Parish Council. Where relevant, to the Investing Bank, any changes will be communicated in writing to them, with the letter signed by the Clerk, the Chairman of the Parish Council and the Chairman of the Finance Committee.
- All money market transactions shall be evidenced by a confirmation letter from the investing bank. The latest such letter shall be included in each Finance Committee pre-meeting pack.

Having been duly proposed and seconded it was **RESOLVED to adopt the above investment policy.**