

# Chilton Parish Council Investment Strategy

---

## Background

In accordance with Section 15(1)(a) of The Local Government Act 2003 Chilton Parish Council with investment funds exceeding £100,000 is required to produce an Investment Strategy Report in compliance with Statutory Guidance on Local Government Investments (3<sup>rd</sup> edition). Where investments are between £10,000 and £100,000 the Council would be encouraged to adopt the principles in the Guidance.

## General Principles

For each financial year the Council should prepare an Investment Strategy in accordance with the Guidance.

The Strategy should be approved by the full Council.

The Strategy should be available on the Councils website.

## Type of Investments

Chilton Parish Council has a straightforward investment requirement. The funds it holds can be categorised as investments held for treasury management purposes. These have accrued from contingency reserves, Commuted lump sums for defined maintenance, and yet to be spent section 106 funds. The Council in its annual accounts has disclosed the contribution that these funds make to its objectives i.e. what is maintained etc.

The requirement in the Guidance is to prioritise Security, Liquidity, and Yield in that order of importance.

So the Council must ensure that its funds are as safe as realistically possible, that they are available for expenditure when needed. Yield should be consistent with Security and Liquidity objectives, the prevailing market and the Councils appetite for risk.

## Security of Investments

The Council proposes that its investments are held as specified investments denominated in sterling and spread across a number of Institutions with no more than £85,000 in any one Institution.

## Liquidity of Investments

The Council can predict with some accuracy its future expenditure needs in relation to the funds invested. In practice this means that expenditure needs in relation to the investments can be predicted over the next 5 years.

### **Yield of Investments**

The Council has little appetite for risk and there is no driver to obtain growth from investments by chasing higher risks. However this means that in the current market returns will be low typically less than 1% for ready access using banks building societies or public authorities.

Longer term fixed rate investments may be made by the Council as the pattern of expenditure is reasonably certain. Returns will be higher typically up to 2%.

The detailed investment proposals are shown at Appendix A

## *Appendix A*

The Total sum to be invested for financial year 20/21 is £237,360 .

The predicted expenditure means that funds could be invested on fixed terms for a number of years as below.

£24,320 for 1 year

£48,640 for 2 years

£82,200 for 3 years

£82,200 for 5 years

However there is currently massive uncertainty in the financial markets as a result of the Coronavirus Pandemic and longer term investment and as a result it is not considered prudent to make long term investments i.e. with availability greater than 12 months.

For year 20/21 The total funds will be spread across the three best easy access accounts with high credit quality. The actual accounts to be determined following approval of the strategy by the Council.

The Council is also asked to decide whether an investment in Premium Bonds is possible and appropriate. The maximum holding is currently £50,000.