

Houghton & Wyton Parish Council Interim Investment Strategy for 2020/21

- I. The Parish Council will invest as much of its financial balances as possible during the year in accordance with its **Investment Policy** in order to achieve its objectives. Updated due to current abnormal financial situation caused by the pandemic.

Balances Available for Investment.

- A. The actual remaining balance carried forward from 2019/20 is £78,092 (as at Apr 2020) with £30,000 allocated for **Reserves**, £5000 as **working capital** in the current account leaving £43,000 for allocation to **Projects**.
- B. The annual precept is received in two installments of £36,000 each in April 2020 and September 2020 but operational expenditure is spread across the year creating short term cash surpluses.
- C. Short term cash surpluses, such as grants and CIL (Community Infrastructure Levy), that are received in advance of expenditure.

Previously Planned Investments were as follows:-

1. **Reserves** of £30,000 (A above) split 2 ways as follows:
 - a. £15,000 in a 1yr bond fixed rate bond (issue 31) with Hampshire Trust Bank at 1.61% interest.
 - b. £15,000 in a 95 day access account with the Nationwide B/S at 1.10% variable interest.
2. **Project funds** of £30,000 (A above) split into 2 investments as follows:
 - a. £20,000 in a 45 day access account with the Nationwide B/S at 0.85% variable interest.
 - b. £10,000 with Santander - Savings Account (0.60% AER gross variable) or other easy access account.
3. **Short term cash surpluses** above a £5000 minimum (B and C above) in the Santander current account will be transferred to the Santander Savings Account (0.60% AER gross variable) which allows easy access via online transfer to and from the current account to meet expenditure requirements.

Revised Investment Plan.

Interest rates fell rapidly in the first quarter of 2020 while opening the planned savings accounts was delayed by the institutions.

It was therefore decided to be prudent and keep cash available at no notice to meet any emergency needs and that this overrode the need to earn the maximum interest, available in fixed term (1 yr or less) accounts, for at least the next few months.

All funds, except for working capital, will therefore be held in one or both of our existing savings accounts with Barclays and Santander. The situation will be reviewed in September 2020.

Reporting and Disclosures

The current balances and interest rates for each of the above accounts will be included with the monthly budget report to the Parish Council.

Dated: 4 June 2020

Date of publication on the Parish Council website: **4 June 2020**

Date of minutes of full council meeting approving this strategy: **3 June 2020**

Date for Review: *on or before end of September 2020 and then at financial year end (March 2021).*