

Investment Strategy

Adopted June 2021

last review Oct 2023

Acton Parish Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community. This strategy has been prepared in accordance with the Guidance on Local Government Investments 3rd edition ('the Guidance') issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018.

Secretary of State guidance states that parish councils with reserves greater than £100,000 must have an investment strategy agreed by full council.¹ The guidance recommends that when entering into investments local authorities should consider security, liquidity and yield in that order of importance. The parish council's financial regulations encourage the parish council to consider an investment strategy (clause 8.5). The parish council should ideally limit funds in any one UK bank to £85,000 per bank in order to stay within the Financial Services Compensation Scheme guarantee which has been available to smaller local authorities since 2015.²

The parish council's investment priorities are security, liquidity and yield in that order of importance.

In depositing its reserve funds, Acton Parish Council will follow the following principles:

1. Invest in deposit accounts and not invest in market instruments.
2. Only invest in accounts with Financial Services Compensation Scheme (FSCS) guarantees and aim to keep the balances as close to the guaranteed amounts as possible. If larger amounts need to be deposited council will invest in accounts with banks that have high credit ratings attached to their debt.
3. Manage the duration of the accounts to balance the availability of call money against obtaining higher interest rates from longer duration accounts.

¹ Guidance on Local Government Investments 3rd edition ('the Guidance')

² Since 2015 the FSCS guarantee applies to small local authority with an annual budget of up to EUR500,000. NALC Financial Briefing note F08-15 states £75k not £85k which is the limit for other depositors.