

# West Bletchley Council

## Investment Strategy

Under section 15(1)(a) of the Local Government Act 2003, the Secretary of State Secretary of State for Local Government has issued “Statutory Guidance on Local Government Investments”. Parish councils are required to “have regard” to the guidance and for each financial year Parish Councils with investments over £100,000 are required to prepare an Investment Strategy (“the Strategy”).

This Parish Council Investment Strategy complies (as appropriate) with the revised requirements set out in the revised Guidance on Local Government investments issued by Secretary of State Secretary of State for Local Government in 2018.

When making investments over £100,000, the Council is required to adopt the Guidance in full and to put an investment strategy into place.

West Bletchley Council acknowledges the importance of prudently investing surplus funds held on behalf of the community. All investments will be made in line with the Council's financial procedures and observations or advice received from the Council's internal and external auditors, supported as necessary by advice from the Council's financial advisors.

The Council will ensure it has adequate, though not excessive, cash resources, overdraft or standby facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its service objectives.

For treasury management and other financial investments, the council is required to prioritise **SECURITY, LIQUIDITY** and **YIELD** in that order of importance

### Investment Objectives

1. The Council's investment priorities are the security of reserves and adequate liquidity of its investments.
2. The Council will then aim to maximise income from its investments commensurate with proper levels of security and liquidity.
3. The Council will seek to ensure that investment income is consistent one year to the next.
4. Where external investment managers are used, they will be contractually required to comply with this Strategy.
5. In balancing risk against return, this Council is more concerned with avoiding risks than maximising returns.
6. All investments will be in sterling.
7. The council does not make any loans.

## **Specified Investments**

Specified investments are those offering high security and high liquidity, made in sterling and maturation 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 prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, West Bletchley Council will use:

- Deposits with banks, building societies, local authorities or other public authorities.
- Other recognised funds specifically targeted at the Public Sector.
- The choice of institution and length of deposit will be subject to approval by the Finance & General Purposes Committee.

## **Non-Specified Investments**

These investments have greater potential risk such as investments in the money market, stocks and shares. The Council will use the services of an appointed FSA accredited financial advisor on the investment of these funds. The choice of investment company will be reviewed within the first year of every new administration following an election or more frequently if the performance of the investments is not meeting the required objectives

Long term investments, defined as greater than 36 months, will, if considered appropriate, be used to support the 3-5 year Capital Programme which will be reviewed and agreed annually. Capital growth of the fund should be maximised but at least equal to RPI whilst being consistent with the required level of security and all other public investment criteria.

The Council will expect the investment to be in a balanced portfolio that will yield a consistent income/growth year on year whilst having regard to the Council's objectives and security of its investments. When considering any investments, this Council will be encouraged to consider social, ethical and/or environmental factors or criteria when selecting, retaining or disposing of assets.

## **End of Year Investment Report**

At the end of each financial year the Responsible Financial Officer will present a report on the Investment activity to Full Council.

## **Review and Amendment of Regulations**

This Strategy will be reviewed annually by the Finance & General Purposes Committee. The Committee reserves the right to make variations to the Strategy at any time, subject to the approval of the Full Council.

## West Bletchley Council Investments

The council invests in a number of low risk cash deposit accounts. At 31 March 2019 the council held the following investments.

Parish Councils deposits are normally covered by the Financial Services Compensation Scheme which pays out a maximum of £85,000 for each or banking group. However, cover under the scheme is restricted to those councils whose annual income is less than €500,000 which means that WBC deposits are not eligible.

Investment	Amount	Security	Liquidity	Yield
Natwest Current A/C	£440K	High	High – no notice	Low – 0%
NatWest Business Reserve A/C	£770K	High	High - no notice	Low – 0.2%
Santander Deposit A/C	£1,146K	High	High – no notice	Medium – 0.85%

## OPTIONS FOR CONSIDERATION

### Public Sector Deposit Fund

The Public Sector Deposit Fund (PSDF) is a FCA Qualifying Money Market Fund managed by CCLA (Churches, Charities and Local Authorities) Investment Management Limited. It is a cash management market fund for the public sector. It invests deposits in sterling denominated deposits and securities. The Fund is a AAA rated Money Market Fund with a quoted yield at 30 April of 0.79%. It provides greater security than a bank deposit account as the risks are spread across a number of financial institutions. (April 2019 PSDF Fact Sheet separately enclosed for Information)

### The Local Authorities' Property Fund

For longer term investments, the council could consider investing in The Local Authorities' Property Fund managed by the CCLA. The fund is exclusively for local authorities and other public sector organisations to invest in commercial and industrial property on a collective basis so as to obtain a spread of risk with constant expert property management. The fund aims to provide investors with a high level of income and long-term capital appreciation.

At 30 Sept 2018 the fund size was £1.048 Billion and the total annual return was 7.61%

<b>Investment</b>	<b>Security</b>	<b>Liquidity</b>	<b>Yield</b>
PSDF	High	High	Medium – 0.79%
Local Authorities' Property Fund	Medium to high	High	High – 7.61%

**RECOMMENDATIONS:** That the council:

- reduce the level held in the NatWest Current Account; and
- open an account with the Public Sector Deposit Fund; and
- close the Natwest Business Reserve account and deposit the funds in the PSDF ;
- Consider investing in The Local Authorities' Property Fund for long term deposits

**Adopted – June 2019**