

1. Introduction

1.1 At any one time Lydiard Millicent Parish Council is holding significant amounts of funds consisting of the General and Ear Marked Reserves together with unspent precept monies. The amounts held fluctuate over the course of the year, peaking in April and October when the precept funds are paid across by Wiltshire Council. An Investment Policy is required to ensure that the responsibility of LMPC for the stewardship of council taxpayers money is properly exercised.

1.2 A Policy is required to comply with "Guidance on Local Government Investments" issued by the Department for Communities and Local Government (DCLG). That document was originally published in 2004, revised in 2010 following the banking crisis during which a number of local authorities were found to have placed funds with high risk financial institutions. The 3rd edition (issued under section 15(1)(a) of the Local Government Act 2003) was effective for financial years commencing on or after 1 April 2018.

1.3 The essence of the Guidance is to ensure the **prudent** investment of the funds held on behalf of the community. A prudent policy is defined as having two objectives, firstly **security** (protecting the capital sum from loss) and then **liquidity** (keeping the money readily available for expenditure when needed). The generation of investment income is distinct from these prudential objectives but once the appropriate levels of security and liquidity are determined then it will be reasonable to consider what **yield** can be obtained that is consistent with those priorities. When entering into other types of investments local authorities should consider the balance between security, liquidity and yield based on their risk appetite and the contribution(s) of that investment activity.

2. Policy

2.1 All investments shall be held in the name of Lydiard Millicent Parish Council.

2.2 All investments will be denominated in sterling.

2.3 All fixed term investments will be short term and not exceed a twelve-month term.

2.4 Fixed term investments will only be made after an analysis of future cash flow requirements over the investment period clearly demonstrates that the funds can be tied up without risk.

2.5 Investments will only be made in Current and Deposit Accounts of banks that are covered by the Financial Services Compensation Scheme (FSCS).

2.6 The approval of the Parish Council will be required before any new investment account is opened.

2.7 In the interests of prudence Lydiard Millicent Parish Council will not make any "non-specified investments" (as defined by the DCLG Guidance) and so there will be no requirement for using the services of treasury management advisers or undertaking specific staff training.

2.8 The amount invested in any one institution (or group of institutions that share a FSCS registration) shall not exceed the maximum sum guaranteed under the FSCS scheme (currently £85,000).

2.9 To comply with 2.8 above, steps will be taken to allocate funds as soon as reasonably practical after receipt from Wiltshire Council of the twice-yearly precept payment as this will exceed the FSCS limit.

2.10 Investment balances shall be taken to the Parish Council each quarter, with an annual review of investment balances together with interest accumulated and the interest rate.

2.12 This Policy shall be approved and reviewed every 2 years by the Parish Council unless required sooner.

Adopted by Lydiard Millicent Parish Council on