



Pinchbeck Parish Council

Annual Investment Strategy

2024-2025

1. Introduction

- 1.1. Pinchbeck Parish Council (the Council) appreciates the importance of prudently investing surplus funds held on behalf of the community.
- 1.2. As the Council expects its total investments to exceed £100,000 during the financial year 2024-25, this document has been prepared in accordance with the [Statutory Guidance on Local Government Investments \(3rd Edition\)](#) issued under [Section 15\(1\)\(a\)](#) of the [Local Government Act 2003](#).

2. Definitions

- 2.1. The Council defines its treasury management activities as “the management of the Council’s cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks.”
- 2.2. A credit rating agency is one of the following three companies:
 - Standard and Poor.
 - Moody’s Investors Service Ltd.
 - Fitch Ratings Ltd.

3. Policy

This strategy establishes formal objectives, policies, and practices and reporting arrangements for the effective management and control of the Council’s treasury management activities and the associated risks and should be read in conjunction with the Council’s Financial Regulations.

4. Investment Objectives

In order of priority, the Council’s investment objectives are:

1. **Security** - protecting the capital sum invested from loss.
2. **Liquidity** - ensuring the funds invested are available for expenditure when needed.
3. **Yield** - achieve the optimum return on its investments *commensurate with proper levels of security and liquidity*.

5. Types of Investment

- 5.1. **Specified Investments** are denominated in sterling, have terms of no more than one year, and are of high credit quality.
- 5.2. **Non-Specified Investments** are any financial investments that are not a loan and do not meet the criteria to be treated as a specified investment.
The Council will not use this type of investment.
- 5.3. **Non-financial investments** are non-financial assets that the organisation holds primarily or partially to generate a profit.

6. Risk Assessment

- 6.1. The Council’s cash reserves are covered by the Financial Services Compensation Scheme up to the deposit limit of the scheme (£85,000) and must therefore be carefully managed to mitigate the risk of losses.
- 6.2. The Council will only invest in institutions of “high credit quality” as set out in section 5.1 of this strategy. Investments will be spread over different providers where appropriate to minimise risk.

- 6.3. The Council will monitor the risk of loss on investments by reference to credit ratings. The Council should aim for ratings equivalent to the Fitch F1 (AAA) rating for short-term investments. The Council will also have regard for the economic environments in which institutions operate.

7. Annual Investment Strategy Setting Process

- 7.1. As part of the Council annual budget setting process, a cash flow and investment forecast will be drawn up by the Council's Finance Committee.
- 7.2. Alongside the draft budget, each year a draft annual investment strategy will be drawn up by the Finance Committee for approval by full Council. The strategy will include:
- A list of authorised investments, with investment priorities.
 - A review of current investments against available investment opportunities.
 - The maximum sum that may be committed to any investment.
 - The maximum period to which an investment sum may be committed.
- 7.3. The clerk and Responsible Financial Officer (RFO) will be responsible for implementing the annual investment strategy approved by the full Council.
- 7.4. Management and access to investment accounts will be in accordance with the Council's [Financial Regulations](#).

8. Investment Strategy 2024-2025

- 8.1. For the financial year 2024-25 the Council will invest its cash balances in Specified Investments, where possible protected under the Financial Services Compensation Scheme (FSCS).
- 8.2. The Council will seek to spread funds greater than £85,000 across more than one provider.
- 8.3. Funds required for current expenditure (less than 3 months), will be held with Barclays Bank Plc (FRN:122702)
- 8.4. Surplus funds over that defined in 8.3 above may be invested as follows:
- The Unity Trust Bank (FRN:204570).
 - The Co-operative Bank (FRN: 121885).
 - [The Public Sector Deposit Fund](#)
 - [The Local Authorities' Property Fund](#)
- 8.5. The Council owns almost 76ha of farmland from which it receives rent. There is no intention to make any divestments and the Parish Council is open to considering future opportunities in this area.

9. End of Year Investment Report

- 9.1. The Clerk & RFO will report on investment activity to the Finance Committee.

10. Review and Amendment of Regulations

- 10.1. The Annual Investment Strategy will be reviewed annually and revised as necessary.
- 10.2. The Council reserves the right to make variations to the Investment Strategy at any time subject to the approval of Council. Any variations will be made available to the public.

11. Freedom of Information

In accordance with the Freedom of Information Act 2000, the Council's Investment Strategy is available as a hard copy from the Parish Council offices, and is published on the Council's website: <https://pinchbeck.parish.lincolnshire.gov.uk/>