

## Haddenham Parish Council Investment Strategy

### **Overall Strategy**

- The local government principles of investment will be implemented, with the priority when considering where to invest funds being, in order:  
Security - Liquidity - Yield
- The Parish Council will hold one current account for all day-to-day banking purposes.
- Reserves will be held in the CCLA Public Sector Deposit Fund (PSDF) or an instant access savings account.
- On occasion where money is set aside to be used in the longer term, consideration will be given to the opening of a notice account if this will give a greater return on the investment. The maturity date must be before the anticipated date of expenditure.
- As the Parish Council's total income is not below the threshold of €500,000 for a small local authority it is not eligible for cover under the Financial Services Compensation Scheme and any deposits with financial organisations will not be protected. To reduce the financial risk to the Council in the event of a business failure of a financial institution, the majority of the Council's funds will be held in the CCLA PSDF as this spreads investment between numerous highly rated financial organisations. The amount held outside the CCLA PSDF will be limited to £50,000. This shall be split between the Council's current account and a savings account held with another bank/building society, with no more than £25,000 deposited with either organisation. The CCLA PSDF and a savings account will be held to ensure some return on investment while managing and balancing risk.
- All day-to-day banking and savings for the council's charities will be held in separate accounts in the name of the charity. Where possible these will be charity accounts to avoid payment of bank charges. The same principles of investment will apply for the charities.

#### **1. Day-to-day banking**

- A current account will hold the funds to manage the regular spending of the Parish Council. The amount held in the current account should be kept at £25,000. Any excess should be deposited in the CCLA PSDF or the savings account (provided that account also doesn't exceed £25,000). The current account should be topped up monthly to maintain funds at £25,000. It is accepted that banks now make a monthly charge for a current account which cannot be avoided and that it is unlikely that any interest will be earned on this account.
- The account will be set up with an online banking facility.
- A minimum of 3 but ideally 4 councillors will be signatories on the account. All will be members of the F&GP Committee. A minimum of 3 will be set up to approve payments online.

#### **2. Instant Access Savings**

- An interest earning savings account may hold up to £25,000.
- The CCLA PSDF will hold the working reserves of the council. The interest earned on the savings account will be monitored annually in July / August and when the amount earned can be significantly improved the money will be transferred to a new account. If the funds

Reviewed October 2019

Next review due October 2020

are to be moved to a new savings account, ideally this will be with the same institution if a newer account is available as the process will be simpler.

- Any funds held in the savings account must be accessible without notice or penalty.
- Ideally the account will be managed online or by phone. If the account requires visiting the branch one must be easily accessible from Haddenham.

### **3. Notice / Fixed Term Accounts**

The Council would not usually hold funds in this type of account. However, the Council may consider opening an account which requires notice for a withdrawal or where the interest earned is higher if invested for a fixed term. The circumstances that would make this appropriate would be where funds are held for a project or are being saved towards a project where the expected expenditure is beyond the date of the fixed term or where the notice period could be comfortably met.

### **4. Stocks and Shares / Bonds**

Stocks and shares and accounts (excluding the CCLA PSDF) that invest in stocks and shares are considered too risky for investment of council funds so will not be used.

Account status 30 September 2019 August 2017

Haddenham Parish Council

Account	Type	Interest rate	Monthly charge	Purpose	Balance	Actions
Lloyds Bank	Current	0%	£5	Day-to-day banking of council	£938,078.21	Funds above £25,000 need to be transferred to the CCLA PSDF.
Lloyds Bank	Current	0%	£5	Holding playing field project s106 fund. To be re-paid to AVDC in March 2023.	£96,363.32	Close account and transfer to the CCLA PSDF.
Lloyds Bank	Instant Access Deposit	0.05%	0	Savings account for reserves	£46,128	Close and transfer to the CCLA PSDF.
Nationwide Building Society	Instant Access Deposit	0.65%	0	Savings account for reserves	£150,299.85	Funds above £25,000 need to be transferred to the CCLA PSDF.

Banks Park Recreation Ground Trust

Account	Type	Interest rate	Monthly charge	Purpose	Balance	Actions
Lloyds Bank	Current	0%	£5	Day-to-day banking BPT	£20,024.56	Currently in the process of opening a charity current account to avoid monthly charges.
CCLA	Charities Investment Fund (COIF)	13306.32 pence per unit		Investment to earn income	33.92 units	Leave as is.

Haddenham Educational Charity

Reviewed October 2019

Next review due October 2020

<b>Account</b>	<b>Type</b>	<b>Interest rate</b>	<b>Monthly charge</b>	<b>Purpose</b>	<b>Balance</b>	<b>Actions</b>
None	Current	0%	0	Day-to-day banking HEC		Currently in the process of opening a charity current account to avoid monthly charges.
CCLA	Charities Investment Fund (COIF)	1359.07		Investment to earn income	5,867.92units	Leave as is.

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