



# PORINGLAND PARISH COUNCIL

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## **Poringland Parish Council Investment Strategy March 2019**

### **1. Introduction**

- 1.1 Poringland Parish Council (the Council) acknowledges the importance of prudently investing funds held on behalf of the community.
- 1.2 This Strategy complies with the requirements set out in the Secretary of State's *Guidance on Local Government Investments* issued under Section 15(1) (a) of the Local Government Act 2003
- 1.3 The above guidance applies to Poringland Parish Council as its total investments exceed £100,000

### **2. Investment Objectives**

- 2.1 In accordance with the Secretary of State's Guidance, the investment priorities of the Council will be:
  - Security – protecting the capital sum invested from loss.
  - Liquidity - ensuring the funds invested are available for expenditure when needed.
  - Yield – The return the council receives on its capital investments.

#### **In this order.**

- 2.2 All investments will be in sterling
- 2.3 Where external investment managers are used, they are expected to comply with this strategy.

### **3. Security**

- 3.1 Investments should only be made within a bank or building society which is safeguarded by the Financial Services Compensation Scheme (FSCS) at an amount not exceeding the prevailing compensation level.
- 3.2 Where necessary the Council should consider the credit rating of the investment institution. As per the Secretary of State's Guidance, approved credit rating agencies are:
  - Standard and Poor's
  - Moody's Investor Service Ltd
  - Fitch Ratings Ltd

### **4. Liquidity**

4.1 Any proposed investment(s) should only follow the approval by council of a cash flow projection covering the period of the proposed investment(s). Cash projected to be available from the Council's current account should be judged as adequate to cover the Council's commitments during the period of the investment(s).

## **5. Yield**

5.1 Cash should be invested in accounts which satisfy the security and liquidity requirements and then the ability to maximise yield should be considered. For purposes of comparison, the Council should be provided with at least three appropriate accounts to compare yield over the investment period.

## **6. Specified Investments**

6.1 Specified Investments are those offering high security and high liquidity, made in sterling and with a maturing of no more than a year. These are not deemed as capital expenditure. Such short term investments made with the UK Government or a local authority or town or parish council will automatically be Specified Investments.

## **7. Non-Specified Investments**

7.1 These investments, particularly equity type investments, have greater potential risk – examples of these include investment in the money market, stocks and shares. Where these investments are used, a greater scrutiny is required.

7.2 Long term investments (those where repayment is due in more than 12 months' time) is deemed as Capital Expenditure.

## **8. Borrowing**

8.1 The Council acknowledges the importance of borrowing funds and the financial impact on the Council and the community.

8.2 All borrowing applications should follow the procedures as detailed by the National Association of Local Councils.

8.3 All borrowing must be approved by the Secretary of State.

## **9. Transparency**

9.1 In accordance with the Secretary of State's Guidance, the Strategy and any modifications should be approved by full council.

9.2 The Strategy should be made available on the Council's website.

Appendix.

Poringland Parish Council's current investment position (as at the close of business on 28<sup>th</sup> February 2019) is as follows:

<b>Provider</b>	<b>Sum</b>	<b>Maturity</b>	<b>Interest</b>	<b>Source</b>	<b>Commitment</b>	<b>Specification</b>
Unity Trust Current	£10,356.74	n/a	n/a	Precept	Current Account	Specified
Unity Trust Deposit	£135,327.74	n/a	0.4%	Precept	Cash flow Reserve	Specified
Nationwide Instant Access	£120,995.64	n/a	0.6%	Committed Sum & Earmarked Reserves & CIL (£60,022.87)	Open Spaces – Village Green and Community Land Project	Specified
Cambridge and Counties 120 Day	£75,311.82	n/a	1.75%	n/a	General Reserve	Specified
Hodge Bank Bond 1	£22,000.00	16/02/2020	1.4%	Committed Sum & Earmarked Reserves	Bus Shelter Maintenance / Open Spaces Maintenance	Non-Specified
Hodge Bank Bond 2	£55,000.00	01/03/2020	1.4%	Committed Sum & Earmarked Reserves	Open Spaces Maintenance	Specified
Hampshire Trust Bond 1	£55,000.00	11/06/2019	1.4%	Committed Sum & Earmarked Reserves	Open Spaces Maintenance	Specified
Hampshire Trust Bond 2	£20,000.00	21/12/2021	1.65%	Committed Sum & Earmarked Reserves	Bus Shelter Maintenance	Non-Specified
*Fidelity Investment	£30,000.00	n/a	n/a	n/a	General Reserve	Non-Specified
United Trust 100 Day	£50,000.00	n/a	1.5%	Committed Sum & Earmarked Reserves	CIL	Specified
CCLA	£40,000.00	n/a	n/a (dividends)	Committed Sum & Earmarked Reserves	Rosebery Park	Specified

Santander Bond	£60,000.00	19/07/2019	0.6%	Commutated Sum & Earmarked Reserves	Rosebery Park	Specified
<b>TOTAL</b>	<b>£673,991.94</b>					

\*Capital value (last valuation £32,078.44)

Financial Services Compensation Scheme protection is currently £85,000 per provider

#### Commutated Sums:

Area	Residual Amount
Devlin Drive	£36,191.94
Mulberry Close (Play equipment)	£12,529.74
Mulberry Grounds	£24,918.60
Trafalgar Square	£48,148.42
CIL	£108,779.21
Norwich Road Bus Shelters	£32,575.36
Rosebery Park	£100,614.07
<b>TOTAL</b>	<b>£363,757.34</b>

#### Earmarked Reserves:

Item	Residual Amount
Open Spaces Reserve	£31,000.00
Community Land Project	£26,075.00
The Six Administrator	£666.05
	<b>£57,741.05</b>

The amount in the Nationwide instant access account currently exceeds the £85,000 covered by the Financial Services Compensation Scheme so councillors may wish to consider moving some over to a different account. The amount of CIL received was £60,022.87 so this could be moved unless it is required to be liquid at present. However, the current Moody's rating for Nationwide for short term deposits is P-1 which is defined as 'Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations'.

There is also in excess of the £85,000 in the Unity Deposit Account, although as the main cash flow reserve this needs to remain very liquid to meet the day to day needs of the Council. The balance as of 27<sup>th</sup> February was £135,327.74, however 50% of the precept is due in in April which will significantly add to this. A credit rating is not obtainable on Unity Trust Bank as they do not borrow from other banks. It is noted that at the meeting on 23<sup>rd</sup> May, it was agreed to open an account with Charity Bank with an opening balance of £85,000, perhaps with a view to resolving this. An application appears to have been submitted, but no account seems to have been opened.

Having discussed with the Chairman, The Strategic Working Group meeting as diarised for the 3<sup>rd</sup> April should be postponed until after the elections so that the strategic direction of the council should be agreed by a new council, rather than inherited by an old one. Options for investment can be investigated until such time that the new Strategic Working Group meets and agrees the level of liquidity for these funds.