

# **OTTERBOURNE PARISH COUNCIL RESERVES AND INVESTMENT POLICY**

## **RESERVES**

The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure. The Joint Panel on Accountability and Governance 'Practitioners' Guide March 2020 advises this should be considered as part of the budgeting process.

Otterbourne Parish Council will maintain adequate financial reserves to meet its needs and to ensure financial security, however it has no legal power to hold reserves other than those for reasonable working capital or for specifically earmarked purposes.

Reserves can be used for long term planned or exceptional (unbudgeted or higher than expected) expenditure with conditions that:

- the expenditure must not be recurring;
- income from the sale of fixed assets can only be used for new capital projects eg the acquisition/enhancement of land, building, vehicles, plant and equipment.

Types of Reserves that may be held:

Earmarked reserves: as a means of building up funds over several years to deliver a defined project eg towards replacing the more expensive assets such as the play park or predicted liabilities eg for completion of projects from one year to another.

Ring-fenced reserves: as a means to fund a specific project only.

General reserves: which do not have any restrictions as to their use and may be used towards the Council's budget if there were an unexpected event or emergency.

## **INVESTMENTS**

Otterbourne Parish Council acknowledges the importance of prudently investing any surplus funds, whether temporary or longer term held on behalf of the community.

In accordance with Statutory Guidance on Local Government Investments issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018, the Council will have regard to such guidance as the Secretary of State may issue.

The Council's investment priorities are the security of reserves and the liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

The Council will use Deposits and High Investment Accounts with high street banks, building societies, local authorities or other public authorities. Given the unpredictability surrounding investment in the money market, stocks and shares, the Council will not use this type of investment.

The Responsible Finance Officer (RFO) in consultation with the Finance and Administration Committee will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

Short term investments shall be defined as less than 1 year. The RFO in consultation with the Finance and Administration Committee shall have delegated power to invest in short term investments which shall be reported at the next full Council meeting.

Long term investments shall be defined as 1 year or greater. The RFO in consultation with the Finance and Administration Committee shall require full Council approval before entering into any long-term investment.

The Council will rely on interest rate information which is publicly available.

The investment strategy will be reviewed at least once annually at a meeting of the Finance and Administration Committee in the presence of the RFO for recommendation to full Council.

The Council reserves the right to make variations to this Policy at any time, subject to the approval of the full Council. Any variations will be made available to the public.

In accordance with the Freedom of Information Act 2000, this Document will be posted on the Parish website and a hard copy will be available from the Parish office.

**Adopted: Otterbourne Parish Council meeting 21 May 2024**