

BRERETON & RAVENHILL PARISH COUNCIL

Parish Hall, Ravenhill Park, Main Road, Brereton, Rugeley, WS15 1DU

INVESTMENT STRATEGY & POLICY

Review Month	Month Reviewed	Date Revised	Changes Made	Date Adopted

1. INTRODUCTION

This 'Investment Strategy & Policy' complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments (3rd Edition) and takes into account Section 15(1)(a) of the Local Government Act 2003 and guidance within Governance and Accountability for Local Councils Practitioner's Guide 2018.

This guidance applies to parish councils and charter trustees, providing their total investments exceed or are expected to exceed £100,000 at any time during the financial year. Where a parish council or charter trustee expects its total investments to be between £10,000 and £100,000, it is encouraged to adopt the principles in this guidance.

Brereton and Ravenhill Parish Council acknowledges the importance of investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty.

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

2. INVESTMENT OBJECTIVES & PRINCIPLES

The Parish Council's investment priorities are the security of reserves and 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 Department for Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Parish Council will not engage in such activity. Where external investment managers are used, they will be contractually required to comply with the Strategy.

The Parish Council is required to consider investments in line with the following principles:

- (a) Security – protection of the investment sum from loss of value and to minimise risk; and,
- (b) Liquidity – how quickly the invested funds can be encashed if required.

In balancing risk against return, this Council is more concerned to avoid risks than to maximise returns. In line with the policy of prioritising the security of reserves, to avoid exposure to currency risk, all investments will be in sterling.

The Parish Council will continue to use HSBC and Unity Trust bank as the primary banking providers. However, the Parish Council may consider investing a proportion of general reserves into other approved public sector investment funds i.e. the CCLA Public Sector Deposit Fund.

The decision to invest funds must be recommended by the Finance Asset & Risk Committee to the full Council.

3. SPECIFIED INVESTMENTS

Short term specified investments are defined as those offering high security and high liquidity, and with a maturity of no more than 12 months. Short term investments made with the UK Government or to a local authority or Parish Council will automatically be defined as a specified investment.

The making of the investment is not defined as capital expenditure by regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.

For the prudent management of the Parish Council's balances and in order to maintain adequate levels of security and liquidity the Parish Council may choose to invest short term funds with:

- Banks, building societies, local authorities or other public authorities who are all based in the UK;
- Other approved public sector investment funds.

4. NON-SPECIFIED INVESTMENTS

Non-specified investments are defined as any investments that do not meet the criteria of short term specified investments detailed in section 3. Funds may be invested for periods of more than 12 months. In specifying the length of the investment, the Parish Council's anticipated expenditure requirement over the proposed investment period will be assessed to ensure sufficient funds remain available.

These investments have a greater potential risk, such as investment in stocks and shares and the Parish Council will not participate in such investments, which are considered not to offer the level of security and liquidity required.

5. LOANS

The Parish Council will not make any loans to any organisations, businesses or individuals for any reason

6. SECURITY OF INVESTMENTS

Safety of the principal should be the foremost objective of any investment program. Investments should be undertaken in a manner that seeks to ensure the preservation of capital. The goal should be to mitigate credit risk and interest rate risk.

7. LIQUIDITY OF INVESTMENTS

The Council will ensure it has adequate though not excessive cash resources, overdraft and standby facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its service objectives.

8. YIELD

The generation of yield is distinct from the core prudential objectives (security and liquidity). Once proper levels of security and liquidity are determined, it will then be reasonable to consider what yield can be obtained consistent with these priorities. All investments will be made in line with the Council's financial procedures and observations or advice from the Council's internal and external auditors, supported as necessary by advice from the Council's advisors.

9. RESERVES

It is unlawful for Parish Councils to operate in overdraft.

The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure, but at the same time Councils have no legal power to hold reserves other than those for reasonable working capital needs or for specifically earmarked purposes.

General (unrestricted) reserves can be used to smooth the impact of uneven cash flows or can be held in case of unexpected events or emergencies. Purposes for earmarked reserves can include renewal of assets; carry forward of underspends; specific augmentation of insurance cover, or other foreseeable liabilities.

The amount of general reserve should be assessed annually in terms of risk and opportunity costs and approved as part of the budget process to confirm as still appropriate.

10 RISK MANGEMENT & MONITORING

A risk assessment is to be maintained for each investment, as recorded in the Parish Council's Risk Management & Assessment Policy. The assessment should include details of the market appraisals appropriate to the investment type, investment monitoring reports.

Investments will be spread over different providers where appropriate to minimise risk.

Investment performance reports will be provided by the investment institutions and reported to the Finance Asset & Risk Committee in November to allow current / new investments to be reviewed as part of the budgeting process.

The Responsible Financial Officer, shall be the contact for the financial advisor and any other appointed counterparties and is authorised to deal with administrative matters and give instructions on behalf of the Parish Council as necessary to protect the Parish Council's investments.

Risk management issues are considered within this Strategy Document and also the annual Risk Management & Assessment Policy approved by Full Council on an annual basis.

11. END OF YEAR INVESTMENT REPORT, GOVERNANCE & REVIEW

At the end of the financial year the RFO will supply an annual report to the Finance, Asset & Risk Committee.

The RFO is responsible for bringing to the Parish Council's attention any matters which may affect the security of the Parish Council's investments. The Full Council is responsible for agreeing any course of action required to safeguard its investments.

The Investment Strategy & Policy must be reviewed annually by the Finance Committee prior to being ratified by Full Council.

Any amendments required to the Investment Policy must be approved by Full Council prior to implementation. Amendments can be proposed at any time during the year, as required.

12. TRANSPARENCY and ACCOUNTABILITY

This document will be posted on the Council's website: <https://breretonandravenhill.org.uk/>

With thanks to Anstey, Chorleywood, Liss, Wraysbury, Datchet and Illogan Parish Councils