



Sprotbrough and Cusworth Parish Council

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POLICY TITLE

Investment Strategy

ADOPTION DATE

18th January 2024

POLICY AIM

To ensure that surplus funds held on behalf of the community of Sprotbrough and Cusworth are prudently invested.

POLICY OBJECTIVES

Sprotbrough and Cusworth Parish Council (the 'Council') acknowledges the importance of wisely investing the temporary surplus funds held on behalf of the community, as part of its duty to have the highest standard of care for precept payers' money.

This Strategy complies with the revised requirements set out in the Ministry of Housing, Communities and Local Government Guidance on Local Government Investments and takes into account;

- Section 15 (1) (a) of the Local Government Act 2003
- Statutory Guidance on Local Government Investments (3rd Edition)
- Guidance within Governance and Accountability for Smaller Authorities Practitioner's Guide March 2018.

The Local Government Act 2003 states that a local authority may invest:

- for any purpose relevant to its functions under any enactment
- for the purpose of prudent management of its financial affairs

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."

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.

Investment Objectives

The Council's investment priorities are:

- the security of its reserves (to ensure that money held is protected from loss)
- the adequate liquidity of its investments, (to ensure money is available when it is needed and not locked away)
- the return on investment – the Council aims to get the best rate of interest that can be achieved whilst also ensuring that the investment is low risk and easy to access

All investments will be made in sterling.

The Ministry of Housing, Communities and Local Government maintains that the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.

The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies (e.g. Moody's and Fitch). Investments will be spread over at least two different providers where appropriate to minimise risk.

Specified investments

Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government or a Local Authority (as defined) or a Town/Parish Council will automatically be Specified Investments.

The Council, for prudent management of its treasury balances may use: -

- Treasury Deposits with UK clearing banks
- Local Authorities or other Public Authorities
- Other approved public-sector investment funds

The choice of institution and length of deposit will be at the approval of Full Council.

The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

Non specified investments

These investments have greater potential risk – examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council will generally not use this type of investment. Any such investment will be subject to specific consideration and approval by Full Council.

Liquidity of investments

The Full Council with the Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

Investments will be regarded as commencing on the date the commitment to invest is entered rather than the date on which the funds are paid over to the counterparty.

Long term investments

Long Term Investments are defined in the Guidance is greater than 36 months. The Council does not currently hold any funds in long term investments. Any investment greater than 36 months will be subject to specific consideration and approval by Full Council.

IMPLEMENTATION

INVESTMENT STRATEGY 2021 – 2023

For 2023-25, the Council will invest as much of its balance as possible in a low risk product to achieve its investment objectives. The Council is mindful of the need to not make the administration of investments too complex, especially when considering the current low rates of return and the administration costs associated with managing multiple accounts and creating new accounts. The following have been identified using Moody's and Fitch Ratings as being suitably secure in the following scenarios:

For day to day banking including current account a high degree of liquidity is required with suitable banking arrangements easy access for both deposit and withdrawal. This condition has limited the practical choice to local "High Street" banks. Sprotbrough and Cusworth Parish Council has a long-term relationship with Co Operative Bank.

Business Current Account will be held at Co Operative Bank for in year finances plus 100% of the annual budget from reserves for cash flow purposes.

The Council plans large projects for 2023 – 2025 and liquidity of funds is therefore a higher priority than return on investment especially when the differential in rates of interest are very modest. For general investment of reserves and other funds an interest earning account that pays a competitive return is sufficient. The Council already has an established relationship with Co Operative Bank.

Business Select Instant Access Account will be held at Co Operative Bank
This will be for money not held in the Current Account (Earmarked Reserves and any remaining General Reserve not allocated to the current account)

Business 95 Day Saver Account will be held at Nationwide Building Society
This will be for £85,000 not held in the Current Account (Earmarked Reserves and any remaining General Reserve not allocated to the current account)

One year business bond will be held at Hampshire Trust Bank

This will be for £85,000 not held in the current account (Earmarked Reserves and any remaining General Reserve not allocated to the current account).

The Responsible Finance Officer shall have delegated authority to make all necessary transfers between the accounts from time to time to meet the annual investment strategy.

REGULAR AND END OF YEAR INVESTMENT REPORT

Investment forecasts for the coming year are accounted for when the budget was prepared. The Responsible Finance Officer will report on investment activity to Full Council as part of the bi monthly financial reports.

REVIEW AND AMENDMENT OF REGULATIONS

The Annual Investment Strategy must be reviewed annually and revised if considered necessary.

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.

MONITORING

The policy will be monitored in the following ways:

MONITORING ACTIVITY	PERSON RESPONSIBLE
Monthly checks of compliance to strategy	RFO
Quarterly checks on compliance and review of investment	RFO/ Clerk/ Full Council

POLICY CONSULTATION

A copy of the policy has been given to all staff and Councillors.

POLICY REVISION DATE

Policy reviewed August 2024
Next review date August 2025

This document shall be reviewed annually; or upon any changes to legislation; or subject to the requirements of Sprotbrough and Cusworth Parish Council.

RELATED POLICIES AND STRATEGIES

Standing Orders
Financial Regulations
Reserves Policy