

# Acton Burnell, Frodesley, Pitchford, Ruckley and Langley Parish Council

## INVESTMENT STRATEGY AND POLICY

Issue 2, September 2023

### 1. Introduction

This Strategy has been produced with regard to Guidance issued by the Secretary of State for the Department for Communities and Local Government under Section 15(1) (a) of the Local Government Act 2003.

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.

### 2. Investment Objectives

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. All investments will be made in sterling.

The Department for Housing, 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 this Strategy.

### 3. Specified Investments

Specified Investments are those offering high security and high liquidity, made in sterling and which either mature or have a non-conditional option for repayment within 12 months.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Parish Council will use;

- Deposits with banks, building societies, local authorities or other public authorities.
- Other approved public sector investment funds.

Preference will be given to investments which have strong ESG (Environmental performance, Social impact & Governance) credentials.

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## 4. Non-Specified Investments

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. External Borrowing Strategy

The Parish Council acknowledges the importance of borrowing funds and the financial impact on the Council and the local community. The Council will agree borrowing for specific capital projects (as defined in section 16 of the 2003 Act), and gain approval for borrowing by sending an application to the National Association of Local Councils (NALC). All borrowings must be approved by full council.

The Parish Council will ensure the following criteria when considering requesting a borrowing approval:

- The borrowing should be only be used for the purpose of Capital expenditure as defined by Section 16 of the Local Government Act 2003.
- Any unallocated balances including, where appropriate capital receipts beyond those required for the prudent financial management of the council, should be used in the project for which the borrowing is required.
- The Parish Council should have a realistic budget for the servicing and repayment of the debt, taking into account the future effect on the council's precept and cash flow.
- The Council must not mortgage or charge any of its property as security for money borrowed.

The Parish Council will determine the period of each loan which should not exceed the period for which the expenditure is forecast to provide benefit to the Council i.e. useful life of the asset.

## 6. Governance and Risk

To minimise risk and in recognition of the Financial Services Compensation Scheme the Parish Council will aim to spread 'specified investments' over a range of different providers so as to maintain investments and deposits within the FSCS limit (currently £85,000) for any one financial entity (including parent/subsidiary entities).

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

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The Parish Council will monitor the yield on investments with the aim of selecting the most beneficial terms and rates of return.

All resolutions relating to investments will be noted in the minutes.

## 7. Review and Amendment

The Parish Council's investment position will be reviewed regularly (as a minimum every six months) by the Responsible Financial Officer and reported to the full council for consideration.

This Investment Strategy will be reviewed at least once every two years.

The Parish Council reserves the right to make variations to this Strategy at any time, subject to the approval of the full council. Any variations will be minuted.

Date Adopted:	13 July 2021
Date Reviewed:	19 September 2023
Date of Next Review:	September 2025