

Marston Sicca Parish Council

Email: Clerk@marstonsicca-pc.gov.uk

<https://marstonsicca-pc.gov.uk>

INVESTMENT POLICY

1.INTRODUCTION

This policy establishes policy and reporting arrangements for the management and control of Marston Sicca's Parish Council funds. The Parish Council acknowledges the importance of prudently investing funds held on behalf of the community as part of its fiduciary duty. This document uses as guidance the Department for Communities and Local Government 'Guidance on Local Government Investments' issued under section 15(1)(a) of the Local Government Act 2003. Extant guidance was issued by MHCLG in 2018.

The legislation and associated guidance apply when a Parish Council expects its investments any time during a financial year to exceed £100,000.

The Council will ensure it has adequate though not excessive cash resources, overdraft or 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.

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 of 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 is policy.

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

Investment strategies approved after 1st April 2018 must also be in line with the Government's 'Statutory Guidance on Local Government Investments' which in particular includes much detail on the provision of loans.

The Council will invest as much of its balances as considered appropriate in low- risk products in order to achieve the principles above. The Public Sector Deposit Fund has been identified

as a low risk, high liquidity option. The Parish Council will consider the potential performance of lower liquidity investments on an annual basis at the time that it reviews its investment strategy.

3.SPECIFIED INVESTMENTS

Specified investments offer high security and high liquidity. All such investments should be in sterling and with a maturity of no more than one year. Such short-term investments made with the UK Government,

or a local authority or parish council will automatically count as specified investments.

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

- (i) Deposit with banks, building societies, local authorities or other public authorities
- (ii) Other approved public sector investment funds.

The Council will aim to achieve the optimum return on its investments commensurate with the proper level of security and liquidity. All investments must be approved by full council.

4.NON SPECIFIED INVESTMENTS

These investments have a greater potential for 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

The Parish Council acknowledges there *may* be a requirement at some point to consider borrowing funds. The Parish Council understand the importance of borrowing funds and the financial impact on the Council and the local community. Should the Council feel, that borrowing may be required, it 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 are met when considering requesting a borrowing approval:

- The borrowing should 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 for any 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

The Parish Council will give due regards to the Financial Services Compensation Scheme and the Parish Council will aim to spread specified investments over a range of different providers in such a way as to limit exposure and minimise risk.

The Parish Council will monitor the yield on investments by having regard to the general financial, economic and political environment nationally.

Any investment in beneficial interest earning bank accounts will regard any notice period required to access, to ensure there remains adequate cash flow.

7. AUTHORISATION

Investments will be authorised by full Council in consultation with the Responsible Financial Officer.

The Investment Strategy will be reviewed by the Parish Council at its Annual Parish Council meeting.

Details of any Investment Strategy will be clearly identified, will be minuted and made available to the public.

Date Policy was adopted – November 2024

Date of Policy review – May 2025