

Investment Policy and Strategy

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References	Two codes of practice issued by Chartered Institute of Public Finance and Accountancy (CIPFA) 1.Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. 2.The Prudential Code for Capital Finance in Local Authorities Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146] as amended
Related Policies	Financial Regulations, Standing Orders, Code of Conduct. Financial Risk Assessment, Financial Internal Controls

Version Control

Version	Date approved	Minute Ref	Website updated	Next Review
V1	18/06/2024	030/24	24/06/2024	Q2 2025

1. Introduction

A local council may invest funds for any purpose relevant to its statutory functions or for the purpose of prudent financial management. The Investment of surplus funds by local authorities is governed by the Local Government Act 2003, section 15(1) and Councils must have regard to the Guidance issued by the Secretary of State under that Act.

Boyatt Wood Parish Council (BWPC) acknowledges its responsibility to the community and the importance of prudently investing any public funds held.

2. Objectives

The objective of the policy is the prudent investment of BWPC balances. BWPC investment priorities are in order of

- i. Security – protecting the capital sum invested from loss; and
- ii. Liquidity – ensuring the funds invested are available for expenditure when needed.
- iii. Yield - Maximising income considering the national economic situation

BWPC will aim to achieve the optimum return commensurate with the proper levels of security and liquidity.

3. Investments

- 3.1 Investments below £10,000 are not subject to the Guidance but for investments expected to exceed £100,000 at any point during the financial year the guidance is mandatory.
- 3.2 Where investments are expected to exceed £10,000, BWPC will adopt the principles of the Guidance and therefore adopt an Investment Strategy which will be reviewed annually.
- 3.3 BWPC will only invest with financial institutions which it defines as 'High Credit Quality' as defined by reputable credit rating agency and are under the purview of the Financial Conduct Authority.
- 3.4 With the oversight of Council, investments shall be decided and placed by the Responsible Financial Officer having used due diligence including as a minimum finance search engines and credit ratings agencies.
- 3.5 The movement of monies shall be authorised by council and performed by the usual banking signatory process.
- 3.6 No one investment shall be for a period exceeding one year.

4. Types of investments

4.1 There are two main types of Investments 'Specified' and 'Non-Specified'

Specified Investment

- is one which is made in pound sterling,
- is for a term less than 12 months and
- is placed with a body which has a high credit quality rating or
- made with the UK Government, a UK Local Authority or other public authorities.

Non-Specified

- Does not meet the criteria of Specified Investment
- Is not a loan
- May be a greater risk, where professional advice is required

4.2 BWPC will only use specified investments as defined by the guidance.

4.3 No investment will be held by BWPC current account bankers.

5. Process

5.1 The Clerk/RFO to conduct an annual cash flow forecast to ascertain expenditure commitments for the coming financial year. This forecast will be used to determine opportunities for investment of surplus funds.

5.2 BWPC in consultation with the Clerk/RFO will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

5.3 The placing of such deposits will be determined by the RFO following approval by Council

5.4 Investment forecasts for the coming year are accounted for during the budget setting process, which will include reporting on investment activity.

6. Risk Management

6.1 Risk management issues will be applied within the framework of the Financial Risk Assessment and Internal Controls Policy.

6.2 BWPC will monitor the yield on investments by having regard to the general financial, economic and political environment nationally.

6.3 All terms of investments, length and amount will be approved by council.

Investment Strategy

1. This strategy establishes formal objectives, policies, practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks.
2. BWPC must have regard to the level of reserves needed for meeting estimated future expenditure, but at the same time has no legal power to hold reserves other than those for reasonable working capital needs or for specifically earmarked purposes.
3. BWPC adopts the principles of the Secretary of State's Guidance in relation to council investments.
4. BWPC acknowledges the importance of prudently investing its temporary surplus funds (reserves) held on behalf of the community
5. BWPC will consider the purpose and extent of any investment and only utilise Specified Investment tools, to include Church Charities and Local Authorities (CCLA) Public Sector Deposit Fund.
6. BWPC will only invest in institutions of high credit quality, based on information from credit rating agencies (as defined) and spread over different providers to minimise risk.
7. BWPC aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
8. Where external investment managers are used, they will be contractually required to comply with this Strategy.
9. Considering the risk factor, BWPC will invest as much of its balance as possible in a product(s) in order to achieve its investment objectives.
10. BWPC is mindful of the Financial Services Compensation Scheme protection scheme where the current limit is £85,000 and will not exceed this limit with one single Financial Institution
11. Based on the cash flow forecast, the type of investment will range from immediate access to Fixed term deposit investments of 100 days or less notice
12. The choice of financial institution and length of deposit will be approved by Council having considered all the risk factors associated with the investment.
13. When considering any investment, BWPC will consider social, ethical, and/or environmental factors or criteria when selecting a financial product.