



# Eccleshall Parish Council

## Investment Strategy 2024-2028

### 1. INTRODUCTION

- 1.1 This policy sets out the treasury management procedures for the monitoring of the cash flow and banking arrangements of Eccleshall Parish Council. This Strategy complies with the requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments issued under Section 15 (1) (a) of the Local Government Act 2003 and guidance within 'Governance and Accountability for Smaller Authorities in England' Practitioners Guide.
- 1.2 The Local Government Act 2003 Section 12 provides the power to invest:
- (a) for any purpose relevant to its functions under any enactment or
  - (b) for the purpose of the prudent management of its financial affairs.
- Section 15(1) of the Act requires a local authority to have regard:
- (a) to such guidance as the Secretary of State may issue, and
  - (b) to such other guidance as the Secretary of State may by regulations specify for the purposes of this provision.
- 1.3 The Council acknowledges its duty of care to the community and the prudent investment of funds.

### 2. OBJECTIVES

- 2.1 The Council's priorities are, in the following ranking order:
- (i) The security of capital to minimise the risk of losses.
  - (ii) The liquidity of investments to meet the cash flow needs of the Council.
  - (iii) Maximising income within the framework of the national economic situation.
- 2.2 The Council will aim to achieve the optimum return on investments commensurate with proper levels of security and liquidity.
- 2.3 The Department for Communities and Local Government maintains 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.

- 2.4 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 (as defined).
- 2.5 Investments will be spread over different providers where appropriate to minimise risk.

### 3. INVESTMENTS

#### Definition of an Investment

- 3.1 The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

#### Investment Objectives

- 3.2 This Investment Strategy has the following objectives in priority order:
- Security – protecting the capital sum invested from loss
  - Liquidity – ensuring the funds invested are available for expenditure when needed
  - Yield – income return on the investment

#### Specified Investments

- 3.3 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.
- 3.4 The Council, for prudent management of its treasury balances may use
- Treasury Deposits with UK clearing banks
  - Local Authorities or other Public Authorities
  - Approved public sector investment funds.
- 3.5 The choice of institution and length of deposit will be proposed by the Policy and Resources committee and approved by the full Council.
- 3.6 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

#### Non-Specified Investments

- 3.7 A non-specified investment are non-financial assets that the organisation holds primarily or partially to generate a profit. Where a local authority holds a non-financial investment, it will normally be a physical asset that can be realised to recoup the capital invested.
- 3.8 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 not use this type of investment.

#### Liquidity of Investments

- 3.9 The Council in consultation with the Responsible Financial Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 3.10 Investments will be regarded as commencing on the date the commitment to invest is entered into rather than the date on which the funds are paid over to the counterparty.

## Long Term Investments

3.11 Long Term Investments are defined in the Guidance as greater than 36 months.

3.12 The Council does not currently hold any funds in long term investments

## 4. INVESTMENT STRATEGY 2019-20

4.1 For 2019-20, the Council will invest in a low risk product in order to achieve its investment objectives. The Public Sector Deposit Fund (PSDF) has been identified as a low risk, high liquidity option to be used in the first year of investment. It was therefore recommended that an initial cash deposit of £25,000 to be placed into the Public Sector Deposit Fund. Deposits up to a further £25,000 will be considered by the Policy and Resources Committee in December, subject to fund performance and available reserves. The Responsible Finance Officer shall have delegated authority to undertake transfers to the NatWest Business Account as required from the PSDF as required, in order to maintain a cash balance to cover any upcoming expenditure.

## 5. REPORTING

5.1 The management of this policy will be by the Clerk / RFO who will report on investment activity to the Policy and Resources Committee as part of the end of year financial reports.

## 6. REVIEW

6.1 This policy will be reviewed by the Council on an annual basis prior to the start of the new financial year. Any variation to the policy will be submitted to the Council for approval.

6.2 The Council reserves the right to make variations to the Investment Strategy at any time subject to the approval of the full Council. Any variations will be made available to the public.

## 7. PUBLICATION

7.1 A copy of this policy will be made available on the Council's website.

**Adopted 18<sup>th</sup> September 2019.**

<b>Adopted Date</b>	<b>September 2019</b>
<b>Review Period</b>	<b>2 years</b>
<b>Last Review Date</b>	<b>May 2024</b>
<b>Next Review Date</b>	<b>May 2026</b>