



# **Investments Policy 2021**

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## INTRODUCTION

- 1.1 This policy is created under guidance issued by the Secretary of State for Communities and Local Government in accordance with Section 15(1) of the Local Government Act 2003 as set out in the DCLG (Department for Communities & Local Government) Guidance on *Local Government Investments* and within *Governance and Accountability for Local Council's Practitioner's Guide 2016*.
- 1.2 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
- 1.3 Haydon Wick Parish Council acknowledges its responsibility to the community and the importance investing any reserves held by the council.

## OBJECTIVES

- 2.1 The general policy objective of the Council is prudent investment of its balances. The Council's investment priorities are:
  - 2.1.1 Security of reserves and then
  - 2.1.2 Liquidity of investments
- 2.2 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 2.3 The DCLG maintains that borrowing of monies is purely to invest, or to lend and make a return, is unlawful and the Council may not engage in such activity.

## INVESTMENT POLICY

### 3.1 Short Term Investments

- 3.1.1 Are those offering high security and high availability, made in sterling and maturing within two (2) years.
- 3.1.2 Council will use deposit with UK banks, UK building societies, Licensed Deposit Takers (licensed by the Bank of England as the Prudential Regulation Authority and Financial Conduct Authority), UK local authorities or other UK public authorities

### 3.2 Medium Term Investments

- 3.2.2 Shall be defined as two to five (2-5) years. The Council will use the same criteria for assessing medium term investments as for short term investment and will also require that, should the Council wish to invest for period greater than two (2) years, it must identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums

### 3.3 Long Term Investments

- 3.3.1 Shall be defined as greater than minimum five (5) years. The Council will use the same criteria for assessing long term investment as for short- and medium-term investment and will also require that, should the Council wish to invest for period greater than two (2) years, it must identify the procedures for monitoring, assessing and mitigating the risk of

loss of invested sums.

- 3.3.2 The Council shall only use specified investments as defined by DCLG guidance.
- 3.3.3 The Council shall only invest with banks/building societies which it defines as “High Credit Rating”. This being those with a credit rating of A with Moody’s Investors Service or BBB with Standard and Poor’s or Fitch Ratings Ltd.
- 3.3.4 Investments shall be decided and placed by the Responsible Financial Officer having used due diligence including as a minimum finance search engines and ratings agencies.
- 3.3.5 Where possible, this shall be under the oversight of a Banking and Investments Working Party which shall consist of two members of the Finance & Policy Committee
- 3.3.6 The actual movement of money shall be by two of the authorised signatories.
- 3.3.7 The procedure for undertaking investments, considering the need for timely and speedy placing of deals) shall be documented by the Responsible Financial Officer and approved by the Finance & Policy Committee before any investments are placed.
- 3.3.8 The Responsible Financial Officer shall review credit ratings of organisations in which the Council holds investments on a quarterly basis. Should the credit rating of an organisation fall below that specified under 3.6, the Responsible Financial Officer shall consult the Banking and Investments working group and take the appropriate action. For example, explore moving funds to a high credit rating company.

## REVISION

- 4.1 Any revisions to this policy shall be approved by the Full Council.
- 4.2 The Finance & Policy Committee shall review this policy annually and recommend any proposed changes to Full Council prior to the commencement of the new financial year. Where no changes are proposed, Full Council shall note the policy.
- 4.3 Notwithstanding 4.2 this policy shall be reviewed in the event the Bank of England increases its base rate above 3% or the Financial Services Compensation Scheme is extended to cover the Parish Council.

## Version Control

Approved Full Council on 18.12.18 minute reference: 786.4.3 Updated at Full Council on 23.06.20 minute reference FC028G	June 21
Reviewed. Date only changes. No updates required. Approved Full Council 26.10.21 minute reference: FC124C	October 21