

# THURSTON PARISH COUNCIL

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## INVESTMENT POLICY

### INTRODUCTION

As part of its fiduciary duty, Thurston Parish Council (the Council) acknowledges the importance of prudently saving and investing any temporarily surplus funds held on behalf of the community. This policy complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments and takes into account Section 15(1)(a) of the Local Government Act 2003 and guidance within the Governance and Accountability for Local Councils Practitioners' Guide 2023. Parish Councils have the power to invest surplus funds and 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. POLICY

1.1. This strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks and should be read in conjunction with the Council's Financial Regulations.

### 2. INVESTMENT OBJECTIVES

2.1. The Council will apply three criteria in assessing what investments it should make:

- Security - in recognising the Council's responsibility to Council Taxpayers, the parish council will seek to manage the risks associated with investment by prioritising security above the other two investment criteria. All investments will be made with a body or an investment scheme which has been awarded a high credit rating by a credit agency in comparison with other financial institutions.
- Liquidity - whilst the Parish Council may invest funds in either short term or long-term investment products, the presumption will be that it will maintain high levels of liquidity and seek investment generally for a period of up to 12 months.
- Return - this will depend upon the investment options available at any one point in time.

### 3. CONTROL MEASURES

3.1 All investments will be made in sterling and any repayments or payments will also be made in sterling.

3.2 All investments will be within the United Kingdom only.

3.3 The Responsible Financial Officer (RFO) may place funds in investments subject to:

- a. compliance with the strategy outlined below; and
- b. consultation with a minimum of two members of the Policy & Resources Committee.

3.4 Investments should be spread over different providers where appropriate to minimise risk.

## **4. INVESTMENT STRATEGY**

- 4.1 Thurston Parish Council's main accounts are maintained with a UK clearing bank - Lloyds.
- 4.2 Ideally, the combined total of current account balances should not exceed £85,000, the maximum currently covered by the Financial Services Compensation Scheme (at any one time).
- 4.3 Any funds above the maximum covered by the Financial Services Compensation Scheme will be placed with other UK banks or building societies.
- 4.4 The remainder of funds held will be invested to ensure maximisation of interest received whilst retaining flexibility of cashflow and minimising risk to capital. As a principle, funds will be distributed between a number of organisations, to minimise any loss in the event of failure of a single institution.
- 4.5 For the prudent management of its balances, maintaining sufficient levels of security and liquidity, the council will use:
- UK banks and UK building societies
  - Public Bodies (including Local Authorities and Police Authorities)
  - UK FCA regulated qualifying money market funds with a triple A rating.
- 4.6 The term of any deposit will not exceed twelve months unless it is clear that the funds will not be required for a specific, longer period. The RFO will ensure that funds are invested so as not to compromise liquidity.
- 4.7 Preference will be given to funds which can demonstrate ethical investment.
- 4.8 The process for agreeing investments with new institutions will be that a recommendation will be brought by the RFO to the Policy and Resources Committee for consideration and then brought to the next Full Council meeting for approval.

## **5. RISK ASSESSMENT**

- 5.1 The council will only invest in institutions of "high credit quality" as set out in section 4.5 of this policy. Investments will be spread over different providers where appropriate to minimise risk. The council will monitor the risk of loss on investments by reference to credit ratings. The council should aim for ratings equivalent to the Fitch F1 rating or short-term investments or Fitch A-for long-term investments <https://www.fitchratings.com/>
- 5.2 The council will have regards for the general economic and political environment in which institutions operate.

## **6. REPORTING AND REVIEW**

- 6.1 The Investment Policy will be reviewed annually by the Policy & Resources Committee.
- 6.2 The RFO will produce an annual report on investment performance which will be considered by the Policy & Resources Committee prior to circulation to Full Council.
- 6.3 The council reserves the right to make variations to the Investment Policy at any time subject to the approval of full council. Any variations will be made available to the public.

## **7. FREEDOM OF INFORMATION**

- 7.1 In accordance with the Freedom of Information Act 2000 this document will be posted on the council's website: <https://thurstonparishcouncil.uk/pc/>

FOR REVIEW