

Woodcote Parish Council Investment Strategy

1. Introduction

- 1.1. Woodcote Parish Council (the 'Council') acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.
- 1.2. In accordance with Section 15(1) of the 2003 Act, the Council will 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.
- 1.3. This Strategy complies with the revised requirements set out in *Statutory Guidance on Local Government Investments* (3rd Edition)¹ and the CIPFA *Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes* (2017 Edition)².

2. Definition of Terms

- 2.1. In this strategy the 2003 Act means the Local Government Act 2003.
- 2.2. The definition of an investment covers all the financial assets of the Parish Council as well as other non-financial assets that are held primarily or partially to generate a surplus or profit. For the avoidance of doubt, the definition of an investment also covers, where the council's powers so permit, loans made to one of its wholly-owned companies or associates, to a joint venture, or to a third party. The term does not include pension funds or trust fund investments, which are subject to separate regulatory regimes.
- 2.3. The reference to high quality body or investment scheme means bodies offering high security and high liquidity,
- 2.4. A Major Credit Rating Agency is one of the following three companies:
 - Standard and Poor's (S&P);
 - Moody Investors Service Ltd; and
 - Fitch IBCA Ratings Ltd.

3. Investment Objectives

- 3.1. The Council's investment priorities are the security of its reserves and the liquidity of its investments. The generation of yield is distinct from these prudential objectives. Only once proper levels of security and liquidity are determined will yield consistent with these priorities be considered. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 3.2. All investments will be made in sterling.

¹ Available at <https://www.gov.uk/government/publications/capital-finance-guidance-on-local-government-investments-second-edition>

² Available at <https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2017-edition-online>

- 3.3. The Department for Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Council will not engage in such activity.

4. Specified Investments

- 4.1. Specified Investments are those offering high security and high liquidity investment which meet the following conditions:
- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
 - The investment is not a long term investment. This means that the Council has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option.
 - The making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the *Local Authorities (Capital Finance and Accounting)(England) Regulations 2003* [SI 3146] as amended.
 - The investment is made with a body or in an investment scheme described as high quality or with one of the following bodies:
 - i. The United Kingdom Government;
 - ii. A local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland; or
 - iii. A parish council or community council
- 4.2. For the prudent management of its treasury balances and to maintain sufficient levels of security and liquidity, the Council will use deposits with banks, building societies, local authorities or other public authorities.
- 4.3. The Council will invest spare monies in banks which satisfy the risk analysis as agreed by the Council. To satisfy this strategy each bank must hold a UK banking licence. Consideration will also be given to other factors such as tier one capital ratios and credit ratings issued by major Credit Rating Agencies. N.B. Monies may be invested in NS&I products as NS&I is part of the UK Treasury department and are those offering high security and high liquidity.

5. Non-Specified Investments

- 5.1. These investments have greater potential risk – examples include investment in the money market, stocks and shares.
- 5.2. Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.

6. Liquidity of Investments

- 6.1. The Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

- 6.2. 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.

7. Long Term Investments

- 7.1. Long term investments shall be defined as greater than 2 years. The Council will use the same criteria for assessing long term investment as identified above for specified investments.
- 7.2. Should the Council wish to invest for periods greater than two (2) years, it must identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums.

8. Investment Approval

- 8.1. The Council have authority to consider and make investments, in accordance with this Strategy. These investments will be reported at full council meeting.
- 8.2. Where external investment managers are used, they will be contractually required to comply with the Strategy.

9. Investment reports

- 9.1. Twice yearly the Responsible Finance Officer will agenda an investment activity review for Full Council to consider.

10. Review and amendment of regulations

- 10.1. The strategy will be reviewed annually or as legislation dictates.
- 10.2. The Council does not employ in-house or externally any financial advisors but will rely on information which is publicly available.
- 10.3. The Council reserves the right to make variations to the Strategy at any time, subject to the approval of the full Council. Any variations will be made available to the public.

11. Freedom of Information

- 11.1. In accordance with the Freedom of Information Act 2000, this Document will be posted on the Parish website and a hard copy will be available from the Parish clerk.

Adopted on