**Goodworth Clatford Parish Council**

**Draft v1.0**

**Approved: March 2022**

**INVESTMENT POLICY**

Goodworth Clatford Parish Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

Goodworth Clatford Parish Council follows the statutory guidance on local authority investments despite having investment values below the required threshold of £100,000.

The Investment Strategy is to be reviewed annually by the Finance Group and be approved thereafter by the full parishcouncil~~.~~

The Investment Policy & Strategy is to be reviewed annually by the Finance Group and be approved thereafter by the full parish council.

This Investment Policy & Strategy is a public document accordingly it will appear on the parish’s website.

In accordance with the local authority guidance the investments are to be prioritised in the order of Security, Liquidity and Yield.

This Policy & Strategy complies with the revised requirements set out by the Secretary of State for Communities and Local Government under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018.

The RFO will prepare a report on the investment activity for review by the Finance Group at their quarterly meetings. These will be reported to the Parish Council at the next meeting.

The Council does not employ in-house or externally any financial advisors but will rely on information which is publicly available. As part of the annual review of this policy & strategy, the council will consider councillor’s capacity and skills regarding their ability to assess appropriately information relating to any investment. Professional third party support will be considered if appropriate.

When considering new investments or changes to current investments, the Parish Council will consider paying for the support of a 3rd party investment company who specialise in the investment of Local Authority funds.

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.

**INVESTMENT STRATEGY**

**Investment Objectives**  
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.

The Council’s investment priorities are the security of reserves and its liquidity of its investments.  The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

All investments will be made in sterling.

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

The yield from investments does not currently contribute towards specific service delivery functions but provides a contingency income for parish funds.

The RFO will publish annually the values and yields of each investment so that quantitative performance can be clearly identified. These reports will cover the annual accounting period April to March.

Risk assessment of any potential investment will be undertaken in advance by The Finance Group through information available in the public domain. It is considered disproportionate to incur professional fees given the relatively small value of investments and yields. The full council will approve any change to investments prior to the transaction.

The Cash held in bank accounts (Working Capital) should be 25% of the annual revenue budget in order to be able to cover expenditure that arises during the year.

**Specified Investments**  
Specified Investments are those offering high security and high liquidity, made in sterling and maturing within 2 years.  Such short term investments made with the UK Government or a local authority, or town, parish council will automatically be Specified Investments.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use deposits with banks, building societies, local authorities or other public authorities.

Currently 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.

Monies can also be invested in NS&I products as NS&I is part of the UK Treasury department.

**Non-Specified Investments**  
These investments have greater potential risk – examples include investment in the money market, stocks and shares.

Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.

**Liquidity of Investments**  
The Clerk/Responsible Finance Officer in consultation with the Parish Council will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

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**  
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  
The Council does not currently hold any long term investments.

**Fixed Assets**

The Council shall review it’s schedule of fixed asset annually as part of the review of the policy and strategy.

The valuations of the assets shall be made on the following basis:

Buildings – Valued by a 3rd party surveyor every 15 years.

Land – shall not be valued due to fluctuations in land prices. Should the Council seek to sell a piece of land, a valuation will be undertaken by a 3rd party surveyor

Equipment – the valuation will show the purchase price. The equipment will be depreciated over the recommended life expectancy by the manufacturer.

**RISK ASSESSMENT CRITERIA**

**SECURITY** - if value falls by 2.5% or more of the previous bi-annual value, the RFO will request approval from the Parish Council to sell the investment to mitigate further losses.

**LIQUIDITY -** Investments should be capable of liquidation within 60 days at no loss of capital

**YIELD & GROWTH** – The movement in the valuation of the investment should be equal to or greater than the CPI Index for the prior 12 months as published by the Office of National Statistics.

**CONTINGENCY PLAN**

The Council recognises that investments are subject to the movements in the financial markets and therefore contingency plans should be made to ensure revenues are available to cover the expenditures set out in the annual budget.

* Profits from investments should meet at least 95% of their budgeted annual returns. Therefore where payments are quarterly, these should meet 23.75% of their annual budget. Bi-annual payments should be 47.5% of their budgeted annual returns.
* Shortfalls to budget will require reductions in the large project expenditure and not affect the “running” costs of the Parish Council budget.
* Shortfalls to budget may alternatively be made up by a reduction in the working capital held by the Parish Council.