

Sharnbrook Parish Council

Investment Strategy Policy

Adopted: October 2024

Review Date: May 2025

1. Introduction

Sharnbrook Parish Council acknowledges the importance of prudent investment of surplus funds held on behalf of the communities it serves. This Strategy has been prepared in accordance with the Guidance on Local Government Investments ('the Guidance') issued under section 15(1) of the Local Government Act 2003, effective from 1st April 2018.

The guidance states:

- a. Where a Town or Parish Council expects its investments at any time during a financial year to exceed £500,000, the Guidance should apply in relation to that year.
- b. Where a Town or Parish Council expects its investments at any time during a financial year to exceed £10,000 but not £100,000, it should decide on the extent, if any, to which it would be reasonable to have regard to the Guidance in relation to that year.
- c. Where a Town or Parish Council expects its investments during any time during a financial year not to exceed £10,000, not part of the Guidance need be treated as applying in relation to that year.

The Parish Council expects its investment during 2024/25 financial year to exceed £250,000 but not £350,000 and therefore has agreed to apply the Guidance as set out below.

2. Investment Objectives

Sharnbrook Parish Council's investment objectives are:

- a. Security of its funds.
- b. Liquidity of its investments to meet the Parish Council's needs.
- c. To optimise the return on its investments commensurate with a prudent view of risk to reward.

All investments will be made in sterling and, as a minimum, surplus funds will be aggregated in an interest-bearing bank account.

Government guidance maintains that borrowing of monies purely to invest, or lend and make a return, is unlawful and this Parish Council will not engage in such activity.

3. Security of Investments

3.1 Specified investments

Specified investments are those offering high security and high liquidity with a maturity of no more than one year. In addition, short-term sterling investments must be with bodies/institutions with "high credit ratings".

3.2 Non-Specified Investments

Non-specified investments are usually for longer periods (i.e. more than one year) and with bodies that are not as highly credit rated as the specified investment providers. Non-specified investments are not included in the Investment Strategy for this Parish Council as these investments are not acceptable due to their higher potential risk.

4. Liquidity of Investments

The Responsible Financial Officer/Clerk in consultation with the Finance and General Purpose Committee will give recommendation to the Full Council on the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

5. Long Term Investment

Long term investments shall be defined as greater than one year. The Parish Council will use the same criteria for assessing long term investment as identified above for specified investments.

6. Risk Assessment

The Parish Council's reserves are covered by the Financial Compensation Scheme up to £85,000 per bank or other financial institution and must therefore be carefully managed to mitigate the risk of losses.

The Parish Council will only invest in institutions of "high credit quality" as set out in 3.1 of this strategy. Investments will be spread over different providers where appropriate to minimise risk.

The Parish Council will monitor the risk of loss on investments by reference to credit ratings. The Parish Council will also have regard for the general economic and political environment in which institutions operate.

The investment position will be reviewed quarterly (April, July, October, January) by the Responsible Financial Officer and a written report prepared for the Finance and General Purpose Committee or Full Council.

The Parish Council will employ the services of an external financial advisor as required.

7. Investment Approval and Reporting

The Finance and General Purpose Committee has the delegated authority to make recommendations to the Full Parish Council on short- term investments (maximum) of 12 months, in accordance with this Policy subject to prior approval of the investment provider by Full Council. Full Parish Council will take these recommendations under consideration before making a decision.

8. Review and Amendment of Regulations

The Investment Strategy will be reviewed annually by Full Council in May for the forthcoming financial year.

9. Freedom of Information

In accordance with the freedom of Information Act 2000, this document will be posted on the Parish Council's website www.sharnbrook-pc.gov.uk and available in paper form from the Clerk & Executive Officer.