

# Warfield Parish Council

## ANNUAL INVESTMENT STRATEGY 2018/19

Approved March 2018  
Review by March 2019  
Version 1.0

### 1.0 Introduction

- 1.1 Warfield Parish Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.
- 1.2 This strategy has been prepared in accordance with the Guidance on Local Government Investments ('the Guidance'), issued under section 15(1)(a) of the Local Government Act 2003, effective from 1st April 2018.
- 1.3 The Guidance states:
- a) Where a Town or Parish Council expects its investments at any time during a financial year to exceed £100,000, 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 at any time during a financial year not to exceed £10,000, no part of the Guidance need be treated as applying in relation to that year.
- 1.4 The Council expects its investments during the 2018-19 financial year to exceed £100,000 and therefore has agreed to apply the Guidance as set out below.

### 2.0 Investment Objectives

- 2.1 The Council's investment priorities are: 1) the security of its reserves; 2) the liquidity of its investments; and 3) return. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 2.2 All investments will be made in sterling and, as a minimum, surplus funds will be aggregated in an interest bearing bank account.
- 2.3 The 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.

### 3.0 Security of Investments

- 3.1 Government guidance differentiates between specified investments and non-specified investments.

## 3.2 Specified Investments

3.2.1 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”.

3.2.2 For the prudent management of its treasury 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.

## 3.3 Non-specified investments

3.3.1 Non-specified investments are usually for longer periods (i.e. more than one year) and with bodies that are not highly credit-rated.

3.3.2 No non-specified investments are included in the Investment Strategy for this Council.

## 4.0 Liquidity of Investments

4.1 The Parish Clerk (as Responsible Finance Officer) in consultation with the Finance and General Purposes (F&GP) Committee of Warfield Parish Council (or Full Parish Council) will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

## 5.0 Long Term Investments

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

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

## 6.0 Risk Assessment

6.1 The Parish Council’s reserves are covered by the Financial Services Compensation Scheme up to the deposit limits of the scheme and must therefore be carefully managed to mitigate the risk of losses.

6.2 The Council will only invest in institutions of “high credit quality” as set out in section 3.2 of this strategy. Investments will be spread over different providers where appropriate to minimise risk.

6.3 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 (AAA) for short-term investments or Fitch A- for long term investments. The Council will also

have regard for the general economic and political environment in which institutions operate.

6.4 The investment position will be reviewed monthly by the Responsible Financial Officer and reported to the Finance and General Purposes Committee and full Council as part of the regular monthly financial report.

6.5 The Council does not employ, in-house or externally, any financial advisors but will rely on information which is publicly available.

## **7.0 Use of Investment Managers**

7.1 If external investment managers are used, they will be contractually required to comply with this strategy.

## **8.0 Investment Approval**

8.1 The Finance & General Purposes Committee has the delegated authority to consider and recommend any short-term investments (maximum of twelve months), in accordance with the Annual Investment Strategy, subject to the final approval of the investment provider by the Parish Council. All resolutions relating to investments will be noted in the minutes of meetings.

## **9.0 Investment Reports**

9.1 The Responsible Financial Officer will include a report on investment activity in the monthly financial report for each F&GP Committee meeting, As is the practise, this report will be reviewed at full council at their meeting.

## **10.0 Review and Amendment of Regulations**

10.1 The Investment Strategy will be reviewed annually. The Annual Strategy for the coming financial year will be prepared and reviewed by the Finance & General Purposes Committee (if applicable) which will then make a recommendation to the Full Council.

10.2 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 result in an updated strategy being published.

## **11.0 Transparency**

11.1 This strategy will be posted on the Parish website and a hard copy will be available from the Parish Clerk.

Approved by Warfield Parish Council on 21 March 2018.

Next review: March 2019