**Croft Parish Council**

**Investment Strategy
May 2021**

# INTRODUCTION

1. Croft Parish Council promotes the importance of safeguarding the surplus funds held on behalf of the community.
For the purpose of clarity, in the context of this strategy ‘investment’ simply means depositing the Parish Council’s cash reserve with bodies described in Section 8 below. By placing funds with more than one body, the Parish Council is acting to reduce its exposure to financial risks.
‘Investment’ in this strategy does not mean the acquisition of stocks, shares or any other financial instrument.

1. 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 Governance and Accountability for Local Councils Practitioners Guide 2020.

1. Parish Councils have the power to invest surplus funds.
The Local Government Act 2003 states that a local authority may invest:

* 1. For any purpose relevant to its functions under any enactment.
	2. For the purpose of prudent management of its financial affairs.

1. Croft Parish Council manages its cash flows, its banking transactions and investments and assesses and mitigates the risks associated with those activities while seeking best value for its resources.

5. This document establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council’s financial management activities and their associated risks and should be read in conjunction with the Council’s Financial Regulations and Risk Assessment.

1. The Council’s investment priorities are:

* 1. The security of its investments;
	2. The adequate liquidity (ease of access to cash) of its investments; and
	3. To support effective financial management.

1. All investments will be made in sterling and within the United Kingdom only.
2. SECURITY OF INVESTMENTS

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

Specified investments are those investments 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”.

For the prudent management of its financial 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 FSA regulated qualifying money market funds with a triple A rating.

Non-specified investments are investments usually for longer periods (i.e. more than one year) and with bodies that do not have a high credit rating.

There are no non-specified investments referred to in this document That is because they are not considered acceptable due to their higher potential risk.

1. For the prudent management of its financial balances and to maintain adequate levels of security and liquidity, Croft Parish Council will, as its primary investment, deposit its financial balance within a business reserve account connected to the Council’s main bank account. However, the choice of institution and length of deposit will be at the discretion and approval of the Council.
2. The Council has an investment with Warrington Borough Council, which at the time of writing is rated as ‘A’ for credit worthiness by Moodys.
3. Croft Parish Council will look to maximise the security offered by the Financial Services Compensation Scheme by keeping £85,000 (or whatever the protected level is) in any one account. That investment is subject to a minor breach at the discretion of the Council if the sum in excess would make opening a new account with a new institution impractical.

1. A long term investment is defined in the Guidance as being an investment with a maturity date in excess of 12 months.
The Council has no long term investments.

1. In budget monitoring statements the Responsible Financial Officer will report on the investments.

# INVESTMENT STRATEGY

1. The Council shall invest as much as possible (see 11 above) of its financial surplus into its business reserve account.

1. Funds in excess shall be invested in other short term specified investments (see 8 above).

# REVIEW.

1. This investment strategy document shall be reviewed annually.
2. The Council reserves the right to make variations to its investment policy, objectives and strategy at any time. All variations will be recorded in the Council’s minutes.