

## **Investment Strategy Policy**

### **1. Introduction**

Haslington Parish Council acknowledges the importance of prudently investing surplus funds held on behalf of the community. All investments will be made in line with the Council's financial procedures and observations or advice received from the Council's internal and external auditors. The Council does not usually employ financial advisors but will rely on information which is publicly available.

### **2. Council Duties**

- a) This investment strategy is in accordance with
  - i. The Local Government Act 2003, section 15 and supporting regulations
  - ii. Governance and Accountability for Smaller Authorities in England, A Practitioners' Guide to Proper Practices document (to be applied in the preparation of statutory annual accounts and governance statements) written by the Joint Panel on Accountability & Governance (March 2018)
  - iii. Guidance on local government investments issued by Ministry of Housing, Communities and Local Government with effect from 1 April 2018.
  
- b) The Guidance states:
  - i. 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.
  - ii. 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.
  - iii. 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.
  
- c) It is unusual for an authority to hold its reserves other than in the form of easily accessible bank deposits or other short-term investments. These are only used to maximise income from cash balances during the financial year. Occasionally, circumstances require consideration in making other types of investments, for example when saving for a future capital project or while deciding how to apply the proceeds of an asset sale or a donation.
  
- d) The Council will ensure it has adequate though not excessive cash resources, overdraft or standby facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its service objectives.

### **3. Definition**

- a) Easily accessible accounts are classed as accounts which do not require more than 90 days' notice to access the funds.

- b) Specified investments are those offering high security and high liquidity, made in sterling and maturation of no more than a year.
- c) Non-specified investments: these investments have greater potential risk such as investments in the money market, stocks and shares.
- d) Long-term investments, defined as greater than 24 months

#### **4. Investment Objectives**

- a) To appropriately invest any amounts surplus to requirements
- b) To invest prudently to ensure the security of the principal sums
- c) To maintain liquidity in the portfolio
- d) To aim to maximise income from its investments whether specific or non-specific commensurate with the proper levels of security and liquidity
- e) In balancing risk against return, Haslington Parish Council is more concerned to avoid risks than to maximise returns
- f) The Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and Haslington Parish Council will not engage in such activity.

#### **5. Types of Investment**

- a) Specified Investments: For prudent management of its treasury balance, maintaining sufficient levels of security and liquidity, Haslington Parish Council will use:
  - UK banks and UK building societies
  - Public Bodies (including the UK Government and local authorities)
  - UK FCA regulated qualifying money market funds with a triple A rating
  - Other recognised funds specifically targeted at the Public Sector
- b) Long term treasury investments: Long term treasury investments shall be defined as greater than two years. The Council will use the same criteria for assessing long term investment as for short term investments. Should the Council wish to invest for periods greater than two years, it must identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums before committing to such an investment.
- c) Non-specified treasury investment: These investments have greater potential risk – examples include investments in money markets, stocks and shares. Given the unpredictability and uncertainties surrounding such investments, the Council will **not** usually use this type of investment.

#### **6. Implementation**

The Responsible Financial Officer shall require Full Council approval before entering into any short-term or long-term investments.

#### **7. Review**

In accordance with Ministry of Housing, Communities and Local Government guidance, this document will be reviewed on an annual basis.

***This policy was presented to the Council and adopted at the meeting held on the 5<sup>th</sup> February 2024.***