

Investment Policy

Introduction

Shedfield Parish Council acknowledges the importance of prudently investing any surplus funds, whether temporarily or longer term, held on behalf of the community.

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 2010.

The Guidance recommends that a Parish Council produces an Investment Policy which sets out its policy for managing the investments and giving priority to liquidity and security.

The Guidance states; where a Town or Parish Council expects its investments at any time during a financial year to exceed £10,000 but not £500,000 it should decide on the extent, if any, to which it would be reasonable to have regards to the Guidance in relation to that year.

Investment Objectives

The Parish Council's investment priorities are:

- The security of its reserves;
- The liquidity of its investments; and
- The return on the investments

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

Security Objectives

Government guidance differentiates between:

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".

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

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will only use "Specified Investments" using UK banks and UK building societies deposit and high investment accounts only.

No "non-specified investments" are included in the Investment Strategy for this Council, as these investments are not acceptable due to their higher potential risk.

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Reviewed F & A 26 Jul 23 Adopted Full Council 31 Jul 23

Liquidity Objectives

The Responsible Finance Officer, in consultation with the Finance & Administration Committee, will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

Short-term investments shall be defined as less than 1 year. The Responsible Finance Officer will report on all investments to the Finance & Administration Committee.

Long-term investments shall be defined as longer than 1 year. The Council does not hold any long-term investments.

Return on Investment Objectives

The Parish Council will aim to achieve the optimum return on its investments alongside proper levels of security and liquidity. The Council will rely on interest rate information which is publicly available.

Risk Assessment

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

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

The Council will only invest sums of up to £30,000 at any one time.

The investment position will be reviewed regularly by the Responsible Finance Officer and reported at each Finance and Administration Committee meeting.

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

The Investment Strategy will be reviewed annually. 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.

Freedom of Information

In accordance with the Freedom of Information Act 2000, this Document will be posted on the Parish website and a hard copy will be available from the Parish Clerk.

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