

Barby and Onley Parish Council

Financial & Treasury – Investment Strategy

1. Introduction

Barby and Onley Parish Council (the “Council”) acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty. In preparing its investment strategy the Council is required under Section 15(1) of the Local Government Act 2003 to have regard to the revised requirements set out in Ministry of Housing, Communities & Local Government (MHCLG) Guidance on Local Government Investments and guidance within the Governance and Accountability for Local Council’s Practitioner’s Guide.

The Local Government Act 2003 states that a local authority may invest:

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

The Council defines its treasury management activities as “the management of the Council’s cash flows, its banking transactions, the effective control of the risks associated with those activities and the pursuit of best value performance consistent with those risks”.

2. Investment Objectives

The Council's investment priorities are

- The security of its reserves and
- The liquidity of its investments.

The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. All investments will be made in Sterling. MHCLG maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and the Council may not engage in such activity

3. Short Term Investments

Short term investments are those offering high security and high availability, made in sterling and maturing in 12 months or less. For the prudent management of its treasury balances whilst

maintaining sufficient levels of security and liquidity, the Council will use:

- Deposits with UK banks,
- UK building societies,
- Licenced Deposit Takers (licensed by the Bank of England as the Prudential Regulation Authority),
- UK local authorities, or other UK public authorities.

4. Non-specified Investments

These investments have greater potential risk - examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.

5. Long-term Investments

Long term investments shall be defined as greater than 12 months. The Council will use the same criteria for assessing long term investment as for Short Term investments and will also require that, should the Council wish to invest for periods greater than 12 months, it must identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums. It is not the policy of the Council to have any long-term investments. Funds are accumulated to cover anticipated asset replacement costs and to provide for envisaged projects and may be required at short notice. This means the Council must have the right to access any funds invested at any time without contractual or conditional restrictions. The Council does not hold any funds in long term investments

6. Access to Investments

The maximum periods for which funds may be prudently committed so as not to compromise availability using the appropriate cash flow projection will be agreed by the Full Council as the Council is ultimately responsible for its investments. Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the counterparty.

7. Risk Assessment

The Council treasury funds 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.

There is no delegated authority to any sub group, individual or committee for investment decisions for opening new accounts or closing existing accounts without authority being given by a resolution passed by the full Council and recorded in the minutes of that meeting..

8. Onley "Ring Fenced" cash reserves

The Council treasury balances include a substantial amount for monies received from the Ministry of Justice for the long term support of the infrastructures of the Onley estate. Separate to the Councils precept money and ring fenced from the day to day spending requirements this fund is monitored, reported and accounted for separately to the Councils main day to day annual precept income and expenditure.

The Council may consider investments for the "Ring Fenced" Onley funds which are based on a longer term nature so as to match the returns with spending projections. When considering any investment options the Council will take advice, undertake a feasibility study and risk assessment as necessary to ensure the security and liquidity are properly understood and managed. In making this assessment the Council will only consider longer term investment options which are specifically established/ made available for local councils and government bodies.

9. Review and Amendment of the Policy

This policy shall be reviewed annually by the Council. The Council does not employ in-house or external financial advisors but will rely on information which is publicly available. The Council reserves the right to make variations to the Policy at any time, subject to the approval of the Full Council. Any variations will be made available to the public.

10. Freedom of Information

This document will be published and made available on the Councils Website.

Adopted: February 2022 (v1ng)

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