

# **SPEEN PARISH COUNCIL INVESTMENT STRATEGY**

## **1. Introduction**

1.1 Speen Parish Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

1.2 In accordance with The Local Government Act 2003 local authorities are required to produce an Investment Strategy each year. This strategy complies with the revised requirements set out in Statutory Guidance on Local Government Investments ('The Guidance') 3rd Edition issued by the Ministry of Housing, Communities and Local Government and updated on 2nd February, 2018.

1.3 The Local Government Act 2003 provides a Local Authority power to invest:

- a) For the purpose relevant to its functions under any enactment or
- b) For the purpose of prudent management of its financial affairs

1.4 In accordance with Section 15(1)(a) of the Local Government Act 2003 the Council shall have regard to:

- a) Such guidance as the Secretary of State may issue and
- b) Such other guidance as the Secretary of State may by regulations specify

1.5 This strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks and should be read in conjunction with the Council's Financial Regulations.

## **2. Objectives**

2.1 The Council's prudential objectives for its reserves are:

- Security – protecting the capital sum from risk of loss
- Liquidity – ensuring the sums invested are available for expenditure when needed

2.2 The generation of yield is distinct from these prudential objectives. Once proper levels of security and liquidity have been determined, the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

2.3 All investments will be made in sterling.

2.4 The Department of Communities and Local Government maintains the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.

2.5 The Council will monitor the risk of loss on investment by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies (as defined in 'The Guidance').

2.6 Investments may be spread over different providers if appropriate to minimise risk.

### 3. Investments

#### 3.1 Categories of Investment

##### 3.1.1 Specified Investments

- Offer high security and liquidity
- Are made in sterling
- Are not long term (12 months or more)
- Are not defined as capital expenditure
- Investments placed with a body which has a high credit rating or made with the UK Government or a Local Authority or a Parish or Community Council are Specified Investments.

For the prudent management of its treasury balances, to maintain sufficient levels of security and liquidity, the Council will use one or more of the following:

- 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

##### 3.1.2 Non-Specified Investments

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

#### 3.2 Liquidity of Investments

3.2.1 The Council in consultation with the Responsible Financial Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

#### 3.3 Long Term Investments

3.3.1 Long term investments are defined as greater than 12 months. The Council will use the same criteria for assessing long term investment as identified above for specified investments.

### 4. Investment Policy

4.1 The Council will not invest in non-specified investments.

4.2 All investments will be subject to approval of the Council, with resolutions being recorded in the minutes of meetings.

4.3 The Council will have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) 2023 Edition "Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes" in managing investments. All significant sources of information about an investment will be scrutinised including information from the main credit rating agencies (Standard and Poor's, Moody's Investors Services Ltd, and Fitch Ratings Ltd. – Appendix A). Reference will be made in the assessment of credit worthiness to the general economic and political environment in which institutions operate. The Council will invest in institutions with a credit rating of upper medium grade and above or assessed as a low credit risk.



4.4 The Council will invest the approved minimum reserve in short term fixed interest investments. Investments will be spread over different providers if appropriate to minimise risk. Sums will not be invested in fixed term deposits for longer than 365 days.

## 5. Reporting

5.1 Investment activity will be reviewed quarterly by the Responsible Financial Officer and reported to the Finance and HR Committee and Full Council.

## 6. Review and Amendment of Regulations

6.1 This Strategy will be reviewed annually. The Annual Strategy for the coming financial year will be prepared by the Responsible Financial Officer for review by the Finance and HR Committee prior to being presented to Full Council for approval and adoption

6.2 The Council reserves the right to make variations to this Strategy at any time, subject to the approval of the Full Council. Any variations will be made available to the public.

## 7. Freedom of Information

7.1 In accordance with the Freedom of Information Act 2000, the Council's Investment Strategy will be published on the Council's website [www.speenpc.gov.uk](http://www.speenpc.gov.uk) and is also available as a hard copy upon request from the Parish Clerk.

## 8. Authorisation of policy on behalf of Full Council

This policy has been authorised by Speen Paish Council as follows:

Policy adopted by the council on:	22 <sup>nd</sup> March 2021
Last review date:	13 <sup>th</sup> November 2024
Next review date:	13 <sup>th</sup> November 2027



### APPENDIX A – CREDIT RATING TIERS

Moody's		Fitch		Standard & Poor's		Description	Definition
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term		
Aaaa	P-1	AAA	F1+	AAA	A-1+	Prime	An EXTREMELY STRONG capacity to meet its financial commitments
Aa1		AA+		AA+		High Grade	A VERY STRONG capacity to meet its financial commitments
Aa2		AA		AA		Upper Medium Grade	A STRONG capacity to meet its financial commitments
Aa3		AA-	AA-				
A1		A+	A+				
A2	P-2	A	F	A	A-1		
A3		A-	F2	A-	A-2		
Baa1		BBB+		BBB+		Lower Medium Grade	An ADEQUATE capacity to meet its financial commitments
Baa2	P-3	BBB	F3	BBB			
Baa3		BBB-		BBB-			