



THE PARISH COUNCIL OF HELLINGLY

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HELLINGLY PARISH COUNCIL

INVESTMENT STRATEGY

Introduction

1. This Strategy sets out the treasury management procedures for the monitoring of the cash flow and banking arrangements of Hellingly Parish Council (the Council).
2. The Local Government Act 2003 ("the 2003 Act") section 12 provides councils with the power to invest **(a)** for any purpose relevant to its functions under any enactment or **(b)** for the purposes of the prudent management of its financial affairs. Section 15(1) of the 2003 Act requires a local authority to have regard to guidance issued by the Secretary of State.
3. Section 8 ("Loans and Investments") of the Council's Financial Regulations gives authority for the Council to make investments.

Investment Policy

4. The statutory guidance on local government investments issued by the Secretary of State emphasises that prudent investment policies should have two **overarching objectives**, in order of priority:
 - a) the security (i.e., safeguarding) of capital; and
 - b) the liquidity of its investments.
5. The Council acknowledges its duty of care to the community and the prudent investment of funds, and as such its risk appetite is low. However, the Council will aim to achieve the optimum return on its investments **commensurate with proper levels of security and liquidity**.
6. The Council will take into account current news in relation to the economic climate and will make investments accordingly. The Responsible Financial Officer (RFO) will also keep abreast of the markets through research.
7. All investments and deposits will be with UK-based banks or building societies (or other institutions meeting the criteria set out in this Strategy and the guidance).
8. All investments, deposits and interest will be denominated in £ sterling.

9. Investments will generally be short-term (i.e., less than one year) but may be longer-term if appropriate and if they meet the Council's cash-flow requirements and risk criteria.
10. In order to spread financial risk, investments will be made with a **minimum of two financial institutions** and the Council will seek to structure their investments aligned to an appropriate Rating Agency (currently Fitch Rating Agency) subject to a maximum investment to be permitted with any **one** financial institution as per the guide below:-

A Rating and above (A, AA, AAA) maximum investment of £1m

BBB Rating maximum investment £750k,

Unrated (such as building societies) maximum investment £500k with any changes being approved by The Finance Committee or Full Council.

11. For prudent management of its balances, the Council (maintaining sufficient levels of security and liquidity) will adopt a policy whereby funds which are likely to be surplus for up to three months can be invested in short-term deposits with one or more of the UK major clearing banks and/or building societies.
12. The borrowing of monies purely to invest or on-lend and make a return is **unlawful**, and this Council will not engage in such activity.
13. The Council will also ensure that the Strategy has regard to the following updated frameworks and codes:
 - The Statutory Guidance on Local Government Investments (3rd edition) issued under section 15(1)(a) of the 2003 Act (for financial years from 1 April 2018).
 - The Chartered Institute of Public Finance and Accountancy (CIPFA) *Treasury Management in the Public Services: Code of Practice* and *Cross-Sectoral Guidance Notes* (2017 edition, and updated versions as applicable).
 - Where applicable, the CIPFA *Prudential Code for Capital Finance in Local Authorities* (2017 edition, and updated versions as applicable).
14. The Council recognises its responsibility under the guidance to ensure that elected members and the statutory officers involved in investment decision-making have the appropriate capacity, skills and information to make informed decisions and understand the overall risk exposure.

Review and Amendment of this Strategy

15. Through the Finance Committee, the Responsible Financial Officer (RFO) will review this Strategy annually for approval by full Council **before the start of each financial year**.
16. At the end of the financial year, during the preparation of the final accounts, the RFO will report on investment activity during the year and evaluate performance against the Strategy and benchmarks.

17. The Finance Committee may recommend variations to the Strategy for approval by Council in accordance with the guidance from the Secretary of State and CIPFA codes.

Additional Disclosures and Notes (to support compliance with guidance)

- a) The Council's policy is to define and disclose the **types of investment instrument** which it will authorise, separating "specified" and "non-specified" investments in line with the statutory guidance definitions.
- b) "specified investment" is one which fulfils certain conditions: denominated in sterling; not defined as capital expenditure; has a maximum maturity of one year; made with bodies or schemes of high credit quality.
- c) The Council will maintain a **counterparty list**, applying minimum acceptable credit criteria (for example rating agency short-term/long-term ratings) and will monitor institutions' creditworthiness on an ongoing basis with input from external advisers or other credible sources.
- d) The Council will publish its Investment Strategy (or a link to it) in its annual report and include disclosures in the final accounts and governance documentation in line with guidance.