**Great Wakering Parish Council Investment Policy**

**Introduction**

This policy is produced in accordance with guidance issued by the Secretary of State under the Local Government Act 2003.

Great Wakering Parish Council acknowledges its responsibility to the community and the importance of prudently banking/investing any funds held by the Council.

**Definition of an Investment**

The definition of an investment covers all the financial assets of the Council as well as other non-financial assets that the Council holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

**Aims**

The objective of the policy is prudent investment and management of its balances and to ensure effective treasury management activities. The Council’s investment priorities are in the following order:

1. Security of capital to minimise the risk of losses.
2. Liquidity of investments to meet the cash flow needs of the Council.

The Council will aim to achieve optimum return on its investments subject to proper levels of security and liquidity and within the framework of the national economic situation.

**Policy**

Where appropriate the Council shall diversify its cash balances between multiple relatively highly rated UK banks and/or building societies to minimise risk or ensure that funds are covered by the Financial Services Compensation Scheme providing protection where applicable.

All investments shall be denominated in sterling and any payments or repayments in respect of the investments are payable only in sterling.

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

The RFO will after due diligence, including as a minimum using financial search engines and ratings agencies recommend to the Council any investments to be made and the Council will approve such action before any investment is placed by the RFO.

Any investments will have a maturity period of no longer than 12 months.

If external investment managers are used they will be contractually bound to abide by this policy. Currently given the nature of its finances the Council does not foresee the need to use external advisors.

The RFO will monitor the risk of loss on investments by review of credit ratings on a regular basis using Moody’s Investors Service Ltd., Standard and Poor’s or Fitch Ratings Ltd.

All loans can only be made through the Public Works Board.

**Specified Investments**

These by definition offer high security and high liquidity, are made in sterling, have a maturation date of no longer than 12 months and are not defined as capital expenditure. Such short-term investments made with the UK Government or Local Authority to the Parish Council will automatically be Specified Investments.

For prudent management of its treasury balances maintaining sufficient levels of security and liquidity the Parish Council may use:

Deposits with UK clearing banks, UK building societies, UK local authorities or other UK public authorities approved public sector investment funds. The required credit rating will be ‘A’ or above or the bank is registered with the Financial Services Authority and the Parish Council is satisfied as to its levels of security.

**Non-Specified Investments**

A non-specified investment is any financial investment that is not a loan and does not meet the criteria to be treated as a specified investment. These have greater potential risk - investment in money markets, stock and shares etc.

Given the unpredictability and uncertainty regarding such investments, the Council will not use this type of investment.

**Long Term Investments**

Where the Council enters into a long-term investment or has taken out long term debt to finance an investment the indicators used should allow an assessment of the risks and opportunities of the investment over both its payback period and over the repayment period of any debt taken out.

**Investment of Monies Borrowed in Advance of Need**

In the unlikely event of monies being borrowed in advance of need, it will be invested in specified investments in accordance with this policy.

NB – Although named in this policy the Parish Council does not necessarily hold the investments named above.

Re-affirmed 27 March 2024