

Policy Name	Frequency of Review	Date adopted & Minute Ref
Investment Policy	Annually	5.4.2017 Minute 16/193
		4.4.2018 Minute 17/301
		6.11.2019 Minute 19/091
		6.5.2020 Minute 20/011
		08/06/2022 Minute 22/063 2(b)
	Updated following recommendation from internal auditor	15 <sup>th</sup> May 2023 Minute 23/023 2c

## **BOURTON ON THE WATER PARISH COUNCIL INVESTMENT POLICY**

### **1.0 Introduction**

Bourton on the Water Parish Council (“the Council”) acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community. This Strategy has been prepared in accordance with the Guidance on Local Governments Investments (“the Guidance”) issued under section 15 (1) (a) of Local Government Act 2003, effective 1st of April 2018.

The Guidance applies to any Parish Council whose total investments exceed £100,000 at any time during the financial year and therefore applies to Bourton-on-the-Water Parish Council for the financial year 2022-23.

### **2.0 Investment Objectives**

The Guidance states that investment priorities are 1) the security of reserves 2) the liquidity of its investments and 3) yield.

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

### **3.0 Security of Investments**

Government guidance differentiates between specified and non-specified investments as follows:

#### **3.1 Specified Investments**

Specified Investments are those offering high security and high liquidity, made in sterling and which are not long-term (ie which do not mature more than 12 months from the date of the investment). Specified investments must be made with bodies/institutions with “high credit ratings” such as ‘AAA’ rating or with one of a number of listed public-sector bodies, such as the government, a local authority or a parish/community council.

#### **3.2 Non-Specified Investments**

All other types of investment are defined as non-specified investments. These investments have greater potential risk – examples include investment in the money market, stocks and shares.

### **4.0 Risk Assessment**

Part of Council’s reserves are covered by the Financial Services Compensation Scheme (FSCS) which will provide automatic compensation for up to £85,000 held with a UK-authorised bank, building society or credit union. This will be taken into account when establishing the Strategy in order to mitigate the risk of losses. NB in July 2022 a Public Sector Deposit Fund was opened with the CCLA as this was considered by Council to be a suitable organisation for investment. Funds held by the CCLA are not covered by the FSCS.

The Council will only invest in institutions of “high credit quality” as set out in 3.1; where relevant, investments will be spread over different providers to minimise risk.

The RFO will report to the Finance and Governance Committee twice annually, and will forward interim performance and other reports from the investment provider to the Finance and Governance Committee, for information, as and when received;

## **5.0 Council Strategy**

1. The Parish Council shall diversify its reserves between multiple relatively highly rated UK banks and building societies. The Parish Council shall only use specified investments as defined by DCLG guidance.
2. The RFO and Finance and Governance Committee will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

## **6.0 Review and Amendment of Regulations**

The Strategy will be reviewed annually by the Finance & Governance Committee at its meeting in April; this committee will then make a recommendation to the Council for approval at the beginning of the next financial year.

The Council does not plan to 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 Strategy at any time, subject to the prior approval of the Council. The Strategy and any variations to it will be made available to the public in accordance with requirements of the Freedom of Information Act 2000 and any subsequent amendments. The Strategy will be posted on the Parish website and a hard copy will be available from the Parish office.