INVESTMENT POLICY

Adopted by Marden Parish Council on: 6th April 2021
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Investment Policy

FINANCE
INVESTMENT POLICY

Introduction

The purpose of this Investment Policy is to formulate a framework for the prudent investment of Council funds and will be the Council's Investment Strategy.

The Local Government Act 2003 s12(b) states that a Parish Council has the power to invest for the purpose of the prudent management of its financial affairs. Under the same Act the Department for Communities and Local Government (DCLG) has issued guidance on Local Government Investments comes into form on 1st April 2018 (LGA 2003 s15(1)(a) and states that where a Parish Council expects its total investments at any time during the financial year to be between £10,000 and £100,000 to be encouraged to adopt the principles of the guidance.

Key Principles

For each financial year the Parish Council should prepare at least one Investment Strategy (*known as Marden Parish Council Investment Policy)*. The Strategy will contain the disclosures and reporting requirements specified in the guidance.

The Strategy should be approved by the Full Council and should be presented for approval at the start of the financial year.

Where the Parish Council proposes to make a material change to its Strategy during the year a revised Strategy should be presented to the Full Council for approval before the change and be implemented. The Strategy should be publicly available on the Parish Council's website.

Security, Liquidity and Yield

The primary concern shall be security and liquidity of public money and any decision of investment income and yield will only be considered when the prudent objectives are satisfied:

Security – protecting the capital sum invested from loss;

Liquidity – ensuring the funds invested are available for expenditure when needed;

Yield – Once proper levels of security and liquidity are determined, it is then reasonable to consider what yield can be obtained consistent with these priorities.

Marden PC retain reserves and may also earmark further amounts to pay for future capital expenditure for improving or purchasing new assets. Other money set aside is working revenue (for administration or amenities etc) which should remain flexible and liquid.

The Government now guarantees protecting Local Authority funds by the Financial Services Compensation Scheme (FSCS) up to the value of £85,000 per banking group.

The following factors should be considered:

(a) Security of funds is paramount
(b) Ensuring that there are adequate funds available for working revenue

(c) Short term money market rates vary therefore the Council should seek a higher return only where the credit risk is acceptable.

The Finance Committee members should undertake to keep themselves informed of trends and investment news and be aware of credit ratings when making decisions.

This policy will be reviewed and agreed annually by Full Council so that it is in place for the relevant financial year.