

BISHOPSTOKE PARISH COUNCIL

INVESTMENT POLICY

DEFINITIONS

1. In this guidance, **2003 Act** means the *Local Government Act 2003*
2. An **investment** is a transaction which relies upon the power in section 12 of the 2003 Act and is recorded in the balance sheet under the heading of investments within current assets or long-term investments. The term does not include *pension fund and trust fund investments*, which are subject to separate regulatory regimes and are therefore not covered by this guidance.
3. A **long-term investment** is any investment other than (a) one which is due to be repaid within 12 months of the date on which the investment was made or (b) one which the Parish Council may require to be repaid within that period.
4. A **credit rating agency** is one of the following three companies: *Standard and Poor's; Moody's Investors Service Ltd; Fitch Ratings Ltd.*

APPLICATION

5. Where the Parish Council expects its investments at any time during a financial year to exceed £10,000 but not £500,000, it should decide on the extent, if any, to which it would be reasonable to have regard to the guidance in relation to that year.

ANNUAL INVESTMENT STRATEGY

6. An **Annual Investment Strategy** should be approved by the full Council before the start of the financial year to which the Strategy relates.
7. Variations to the Strategy may be made at any time, subject to the same process of approval by the full Council.

SECURITY OF INVESTMENTS

Specified Investments

8. An investment is a **specified investment** if:
 - a. the investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;
 - b. the investment is not a long-term investment (as defined in paragraph 3);
 - c. the making of the investment is not defined as capital expenditure by virtue of regulation 25(1)(d) of the *Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended]*; and

d. the investment is made with a body or in an investment scheme which has been awarded a high credit rating (see paragraph 9) by a credit rating agency (as defined in paragraph 4) or is made with any of the following:

(i) the United Kingdom Government

(ii) a local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland

9. For the purposes of paragraph 8(d) above the **Annual Investment Strategy** should state:

a. how **high credit rating** is to be defined for the categories of investments which the Parish Council intends to use in the financial year

b. how and how frequently credit ratings are to be monitored and what action is to be taken when ratings change.

Non-specified Investments

10. With regard to non-specified investments (i.e. those not meeting the definition in paragraph 8), the **Annual Investment Strategy** should state:

a. procedures for determining which categories of such investments may prudently be used;

b. which categories of such investments have so far been identified as prudent for use during the financial year; and

c. the upper limits for the amounts which, at any time during the financial year, may be held in each identified category and for the overall amount which may be held in non-specified investments (the limits being defined by reference to a sum of money or a percentage of the local authority's overall investments).

LIQUIDITY OF INVESTMENTS

11. The **Annual Investment Strategy** should set out procedures for determining the maximum periods for which funds may prudently be committed.

This Investment Policy was adopted by Bishopstoke Parish Council on November 2014