

Clee St Margaret Parish Council

Investment Strategy Adopted January 2024

Requirement for an Investment Strategy

The Local Government Act 2003 requires Local Authorities to “have regard” to guidance issued by the Secretary of State when taking decisions on investments.

The definition of “Local Authority” includes parish councils and the guidance applies to parish councils which have total investments which exceed or are expected to exceed £100,000 at any time during the financial year.

The definition of “investment” covers all the financial assets of the local authority as well as other non-financial assets which the organisation holds for the purpose of generating a profit.

The guidance requires that for each financial year, a local authority should prepare at least one Investment Strategy which should be approved by the full council before the start of the financial year. The Strategy should be publicly available on the local authority’s website

Applicability to Clee St Margaret Parish Council

Clee St Margaret Parish Council holds financial assets in excess of £100,000 in the form of Stocks and Shares, Treasury Bonds, and cash at bank. Therefore the guidance requires that the council prepares an investment strategy.

The Council holds one significant non-financial asset, Clee Liberty Common.

This Strategy assumes that the policy of investment in financial assets will continue for the foreseeable future. Income from the council’s financial assets is a significant and substantial component of total income and is essential for the maintenance of Clee Liberty Common which is owned by the

Council. Access to the Common is a highly valued facility for residents of the parish and visitors.

Management of Financial Assets

The main objectives in the management of the financial assets are:

- To provide a steady annual income stream as a contribution to the total revenues of the Council

- To minimise the risk of financial loss

- To maintain an adequate cash reserve to cover short term fluctuations in financial markets

- To achieve medium term growth in the value of the assets

Investment decisions

To achieve the above objectives all investment proposals should be assessed against the requirement for:

- Security** - protecting the capital sum invested from loss

- Liquidity** - ensuring the funds invested are available for expenditure when needed. The council's overall availability of funds will need to be taken into account.

- Yield** - The expected rate of return on capital to be invested

- Biodiversity** – make due reference to the Parish Council's Biodiversity Policy and the Environment Act 2021

Investment proposals should be documented stating the justification on the grounds of security, liquidity and yield in that order of priority.

Annual Review of investment

An annual review of the performance of the financial assets should be carried out. The review should be carried out by at least 2 councillors assisted by others as they see fit. The review and any recommended actions should be presented at a full meeting of the council

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