

GOSFIELD PARISH COUNCIL
INVESTMENT POLICY

1. Introduction

Gosfield Parish Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community as part of its fiduciary duty.

In preparing its investment policy, the Council is required under Section 15(1) of the Local Government Act 2003 to have regard to revised requirements set out in the Department for Communities and Local Government *Guidance on Local Government Investments* and guidance within *Governance and Accountability for Local Councils, Practitioners Guide 2016.*

The Local Government Act 2003 states that a local authority may invest:

- For any purpose relevant to its functions under any enactment
- For the purpose of prudent management of its financial affairs

The Council defines its treasury management activities as *"the management of the Council's cash flows, its banking transactions, the effective control of the risks associated with those activities and the pursuit of best value performance consistent with those risks".*

2. Investment Objectives

The Council's investment priorities are the security of reserves and liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

All investments will be made in Sterling.

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 may not engage in such activity.

3. Short term investments

Short term investments are those offering high security and high availability, made in sterling and maturing within two years.

For the prudent management of its treasury balances, whilst maintaining sufficient levels of security and liquidity, the Council will use:

- Deposits with UK banks, UK building societies, Licensed Deposit Takers (licensed by the Bank of England as the prudential Regulation Authority), UK local authorities or other UK public authorities
- The debt management agency of HM Government

4. Long term investments

Long term investments shall be defined as greater than two years. The Council will use the same criteria for assessing long term investment as for short term investments and will also require that, should the Council wish to invest for periods greater than two years, it must identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums.

It is not the policy of the Council to have any long-term investments. Funds are accumulated to cover anticipated asset replacement costs and to provide for envisaged projects and may be required at short notice.

The Council's only long-term investment is in relation to the sinking fund which had to be established for the replacement of the pavilion as required by the grant funding provider.

5. Non- specified investments

These investments have greater potential risk – examples include investment in the money market, stocks and shares.

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

6. Access to investments

The Finance Committee of the Parish Council in consultation with the Responsible Financial Officer will recommend the maximum periods for which funds may prudently be committed so as not to compromise availability using the appropriate cash flow projection. Any final decision will be made by the full Council.

Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the counter party.

7. Review and amendment of regulations

The policy will be reviewed annually by the Finance Committee in conjunction with the Responsible Financial Officer and shall be ratified each year by the Council.

The Council does not 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 Policy at any time, subject to the approval of the full Council. Any variations will be made available to the public.

8. Freedom of information

In accordance with the Freedom of Information Act 2000, this document will be posted on the Parish website and notice board and a hard copy will be available from the Parish Clerk.

9. Authorisation, investment reports and responsibility

Investments will be authorised by the Finance Committee of the Parish Council in consultation with the RFO and reported at the next meeting of the Parish Council. The Parish Council is ultimately responsible for its investments.

Re-Adopted
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Signed ……Chairman
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