

Investment policy of St Stephen Parish Council

1. INTRODUCTION

1.1 This policy sets out the treasury management procedures for the monitoring of the cash flow and banking arrangements of St Stephen Parish Council.

1.2 Authority reference is to the Council's Financial Regulations.

1.3 The Local Government Act 2003 Section 12 provides the power to invest:

- a. for any purpose relevant to its functions under any enactment or
- b. for the purpose of the prudent management of its financial affairs.

Section 15(1) of the Act requires a local authority to have regard:

a. to such guidance as the Secretary of State may issue (Statutory Guidance on Local Government Investments - 3rd Edition effective 1st April 2018), and

b. to such other guidance as the Secretary of State may by regulations specify for the purposes of this provision.

1.4 The Council acknowledges its duty of care to the community and the prudent investment of funds.

2. OBJECTIVES

2.1 The Council's priorities are, in the following ranking order:

- (i) The security of capital to minimise the risk of losses
- (ii) The liquidity Of investments to meet the cash flow needs Of the Council
- (iii) Maximising income/capital growth from the investment.

2.2 The Council will aim to achieve a high rate of return on investments commensurate with adequate safeguards Of security and liquidity.

2.3 The Council will monitor the risk of loss on investments by review of credit ratings by the Finance Committee on a quarterly basis. The Council will only invest in institutions of high credit quality — based on information from credit rating agencies (as defined).

2.4 Investments will be spread over different providers where appropriate to minimise risk.

3. INVESTMENTS

Definition of an Investment

3.1 The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part Of normal treasury management processes or under treasury management delegations.

Investment Objectives

3.2 This Investment Strategy has the following objectives in priority order: • Security—protecting the capital sum invested from loss • Liquidity — ensuring the funds invested are available for expenditure when needed • Yield — income return on the investment.

Specified Investments

3.3 Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short-term investments made Investment Policy of St Stephen Parish Council

With the UK Government or a Local Authority (as defined) or a Town/parish Council will automatically be Specified Investments.

3.4 The Council, for prudent management of its treasury balances may use - Treasury

Deposits with UK clearing banks - Local Authorities or Other public Authorities approved public sector investment funds.

3.5 The choice Of institution and length of deposit will be managed by the RFO and Reported in the Management Accounts and at Finance & Policy meetings.

3.6 The Council will aim to achieve the Optimum return on its investments commensurate with the proper levels of security and liquidity.

3.7 Details of the current distribution of investment will be distributed to the Finance Committee quarterly and Full Council annually

Non-Specified Investments

3.9 A non-specified investment are non-financial assets that the organisation holds primarily or partially to generate a profit. Where a local authority holds a non-financial investment, it will normally be a physical asset that can be realised to recoup the capital invested.

Liquidity of Investments

3.10 The Responsible Financial Officer (RFO) will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

3.11 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 counterparty.

Mid Term Investments

3.12 Mid Term Investments are defined in the Guidance as greater than 12 months but less than 36 months.

Long Term Investments

3.13 Long Term Investments are defined in the Guidance as greater than 36 months.

4. REPORTING

4.1 The management of this policy will be by the RFO and reported in the Management Accounts and the Finance and Policy meetings.

5. REVIEW

5.1 This policy will be reviewed by the Council every three years.

6. PUBLICATION

6.1 A copy of this policy will be made available on the Council's website.

This policy was first adopted by St Stephen Parish Council on the 16 June 2022
Revised July 2025