

DRAFT INVESTMENT STRATEGY 2023/2024

This document provides guidance on investments in accordance with the Local Government Act 2003. The Council will ensure that:

- Capital expenditure plans are affordable
- All external borrowing and other long-term liabilities are within prudent and sustainable levels, and;
- Treasury Management decisions are taken in accordance with good professional advice.

The CIPFA Treasury Management Code of Practice defines Treasury Management as “*The management of the Council’s cashflows, its banking, money market and capital market transactions: the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.*”

This strategy complies with the revised requirements set out in the Department for Levelling Up statutory guidance on local government investments. The guidance applies to parish councils, providing their total investments exceed £100,000, at any time during the financial year. Where a Parish Council expects total investments to be between £10,000 and £100,000, it is **encouraged** to adopt the principles set out within the Government’s guidance.

This strategy will be prepared and approved before the start of each financial year and where appropriate, may be replaced with a revised strategy at any time during the year.

INVESTMENT STRATEGY

- The Council acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community.
- The Council’s investment priorities will have two main objectives:
 - **Security** (protecting the capital sum from loss)
 - **Liquidity** (keeping the money readily available for expenditure when needed)
- Once proper levels of security and liquidity have been determined, only then will it be reasonable to consider the **Yield** that can be obtained. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- Borrowing of monies purely to invest, or to lend and make a return is unlawful and the Council will not engage in such activity.
- Where external investment managers are used, they will be contractually required to comply with this strategy.

- Where the Council has entered into a long-term investment or has taken out a long-term debt to finance an investment, the indicators used should allow Councillors and the public to assess the risks and opportunities of the investment over both its payback period and over the repayment of any debt taken out.

Types of Investment:

Specified Investments

- Specified investments are those offering high security and high liquidity made in sterling and with a maturing of no more than a year.
- The Council holds a deposit account with Lloyds Bank. There are no other investments.

Non-Specified Investments

- These investments have greater potential risk (e.g. money markets, stocks and shares).
- The Council may take advantage of beneficial investment opportunities, when appropriate to do so, but must carefully manage the risk.
- Any investment made by the Council will priorities protecting the capital sum from loss and keeping monies readily available for expenditure when needed.

Liquidity of Investments

- The Council will take into account the advice of the Council's RFO with regard to the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

Long Term Investments and Debts

- The Council will fully assess the risks and opportunities of any long-term investment it enters into, including long-term debt to finance an investment. The Council will apply its assessment to both the payback of the investment and repayment period of any debt taken out.
- The Council will ensure that accurate forecasts are made of the amounts and timings of future payments and receipts so that cashflow can be managed and the Council can be confident that a project can be afforded both in the short and longer term.
- In accordance with the Governance and Accountability for Smaller Authorities in England' Guidance, where loans are obtained from lenders, other than the Public Works Loan Board (PWLB), the Council will seek professional advice to ensure that it is properly informed of the risks and benefits.

End of Year Investment Report

- Investment forecasts for the coming financial year will be accounted for when the Council's budget is being prepared.
- At the end of the financial year, the RFO will report on investment activity over the year.