

# CUMNOR PARISH COUNCIL

## Investment Strategy

### Issue 1

#### Issue History.

- Issue 1 Adopted 4 November 2024 minute 334/24.

Cumnor Parish Council's Investment Strategy is conducted in accordance with:

- The [Local Government Act 2003](#) (the Act) and supporting regulations. This requires the Council to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments; and
- The statutory guidance on local government investments (issued subsequent to the Act) which requires the production of an Annual Investment Strategy and gives guidance on how this should be completed.

The legislation ([as amended section 15\(1\)\(a\) of the Act and effective for financial years commencing on or after 1 April 2018](#)) and associated guidance is optional for parish councils where investments are not expected to exceed £500,000 and no action is required below £10,000. Where the investment exceeds £500,000, the guidance is mandatory.

#### Security.

Safety of the principal should be the foremost objective of any investment program. Investments should be undertaken in a manner that seeks to ensure the preservation of capital. The goal should be to mitigate credit risk and interest rate risk.

#### Liquidity.

The Council will ensure it has adequate though not excessive cash resources, overdraft and standby facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its service objectives.

#### Yield.

The generation of yield is distinct from the core prudential objectives (security and liquidity). Once proper levels of security and liquidity are determined, it will then be reasonable to consider what yield can be obtained consistent with these priorities. All investments will be made in line with the Council's financial procedures and observations or advice from the Council's internal and external auditors, supported as necessary by advice from the Council's advisors

#### Investment.

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

The Council will only make deposits in specific investments with UK banks or building societies, UK government authorities or UK based financial establishments.

The Council's deposits are currently held with Unity Trust (1 account) and Santander (3 separate accounts). 2 new account sources are being explored.

#### Investment Types.

##### Specified Investments.

Specified investments are those offering high security and high liquidity, made in sterling and maturation of no more than a year, either by virtue of the expiry term of the investment or through

a non-conditional option. For prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Chorleywood Parish Council will use: .

- Deposits with banks, building societies, local authorities or other public authorities.
- Other recognised funds specifically targeted at the Public Sector.

The choice of institution and length of deposit will be at the discretion of the Parish Clerk/Responsible Financial Officer, in consultation with Full Council.

#### Non-Specified Investments

These investments have greater potential risk such as investments in the money market, stocks and shares. The Council will use the services of an appointed FSA accredited financial advisor on the investment of these funds. The choice of investment company will be reviewed within the first year of every new administration following an election or more frequently if the performance of the investments is not meeting the required objectives.

Long term investments, defined as greater than 36 months, can be used to support longer term plans, including any longer-term capital programme. These will be reviewed and agreed annually. Capital growth of the fund should be maximised but at least equal to RPI whilst being consistent with the required level of security and all other public investment criteria.

When using non specified investments the Council will invest in a balanced portfolio that will yield a consistent income/growth year on year whilst having regard to the Council's objectives and security of its investments. Decision making over investments will consider social, ethical and/or environmental factors or criteria when selecting, retaining, or disposing of assets.

#### Loans

The Council may choose to make loans to local enterprises as part of its wider strategy for local economic growth even though those loans may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity.

The Parish Council can make such loans if they can demonstrate that:

- Total financial exposure to this type of loans is proportionate.
- It has used an expected loss model to assess the impact on their balanced budget requirements if the capital loaned is at risk.
- It has appropriate credit control arrangements to recover overdue repayments in place; and
- It has formally agreed the total level of loans by type that it is willing to make, and their total loan book is within their self-assessed limit.

Any decision to grant a loan shall be a matter for Full Council to determine.

#### **Review and Amendment of this Strategy.**

This Strategy will be reviewed annually by the Finance and General Purpose Committee. The Committee reserves the right to make variations to the Strategy at any time, subject to the approval of the Full Council.

#### **Risk Management.**

Risk management issues are considered within the Strategy Document and also the annual Financial Risk assessment approved by Full Council on an annual basis.

#### **End of Year Investment Report.**

At the end of each financial year the Responsible Financial Officer will present a report on investment activity to Full Council.

Next review October 2029

Review date October 2025