

Kelvedon Parish Council



Investment Policy

Approved: 8 January 2019

Kelvedon Parish Council

INVESTMENT POLICY

1. INTRODUCTION

Kelvedon Parish Council (the “Council”) acknowledges the importance of prudently investing the temporary 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 the 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 Council’s Practitioner’s 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

2.1 The Council’s investment priorities are:

- the security of its reserves, and
- the adequate liquidity of its investments, and
- the return on investment – the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

2.2 All investments will be made in sterling.

2.3 The Department of Communities and Local Government maintains the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.

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

3. SPECIFIED INVESTMENTS

3.1 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 with the UK Government or a local authority or town or parish council will automatically be Specified Investments.

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

- Deposits with banks, building societies, local authorities or other public authorities
- Other approved public sector investment funds and those funds specialising in local authority investments (i.e. CCLA).

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- 4.3 The choice of institution and length of deposit will be at the approval of the Parish Council.
- 4.4 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

5. NON-SPECIFIED INVESTMENTS

- 5.1 These investments have greater potential risk – examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainty surrounding such investments, the Council will not use this type of investment.

6. LIQUIDITY OF INVESTMENTS

- 6.1 The Finance Committee, in consultation with the Responsible Finance Officer, will recommend to the Parish Council, the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

ENDS