



# Pangbourne Parish Council

## Investment Strategy

Adopted February 2023

### 1. Introduction

1.1 Pangbourne Parish Council acknowledges the importance of prudently investing the monies under its control (including any surplus) which are held on behalf of the residents of Pangbourne.

1.2 In accordance with the Local Government Act 2003 local authorities are required to produce an Investment Strategy each year. This strategy complies with the revised requirements set out in Statutory Guidance on Local Government Investments 3rd Edition issued by the Ministry of Housing, Communities and Local Government and updated on 2<sup>nd</sup> February, 2018.

1.3 In accordance with Section 15(1)(a) of the Local Government Act 2003, the Council will have regard to (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify.

1.4 This strategy should be read in conjunction with the Council's Financial Regulations.

1.5 The Guidance states:

a) Where a town or parish council expects its investments at any time during a financial year to exceed £100,000, the Guidance should apply in relation to that year.

b) Where a town or parish council expects its investments at any time during a financial year to exceed £10,000 but not £100,000, it should decide on the extent, if any, to which it would be reasonable to have regard to the Guidance in relation to that year.

c) Where a town or parish council expects its investments at any time during a financial year not to exceed £10,000, no part of the Guidance need be treated as applying in relation to that year.

### 2. Investment Objectives

2.1 The Council's prudential investment objectives for its reserves are:

- security (protecting the capital sum from loss);
- liquidity (keeping the money readily available for expenditure when needed).

2.2 The generation of yield is separate from these prudential objectives. Once proper levels of security and liquidity have been determined, the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

2.3 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed, since 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 this Council will not engage in such activity.

### **3. Categories of Investments:**

#### 3.1 Specified investments:

- Offer high security and liquidity
- Are made in sterling
- Are not long term (12 months or less)
- Are not defined as capital expenditure
- Investments placed with a body which has a high credit rating or made with the UK Government, a UK Local Authority or a parish or community council are specified investments.

3.2 Non-specified Investments These are any financial investments that are not a loan and do not meet the criteria to be treated as a specified investment.

### **4. Investment Strategy**

4.1 The Council will only invest in institutions of high credit rating (low credit risk). Reference will be made in the assessment of credit worthiness to the general economic and political environment in which institutions operate. All significant sources of information will be scrutinised including information from the main credit rating agencies (Standard and Poor's, Moody's Investors Services Ltd, and Fitch Ratings Ltd.)

4.2 The Council will not invest in non-specified investments since these investments have a greater potential risk- examples include investment in the money market, stocks and shares.

4.3 The Council will where possible invest the approved minimum reserve in short term fixed interest investments.

4.4 The Council will maintain interest bearing accounts for its surplus working balances.

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

Deposits with banks, building societies, local authorities, other public authorities and the Church Charities and Local Authorities (CCLA) Public Sector Deposit Fund

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

4.7 Sums will not be invested in fixed term deposits for longer than 365 days. The RFO / Parish Clerk in conjunction with the Finance and Compliance Committee ( or Full Parish Council) will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

4.8 The Council will have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) 2017 Edition "Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes" in managing any investments.

### **5. Long Term Investments**

5.1 Long term investments shall be defined as greater than one year. The council will use the same criteria for assessing long term investment as identified above for specified investments.

5.2 The council does not hold any long term investments.

## 6. Borrowing

6.1 Subject to any decision by Council, and approval by the Secretary of State to undertake borrowing, capital expenditure not reimbursed by grant or met from third party contributions or capital receipts will be financed by means of revenue contributions.

## 7. Forecast and Reporting:

7.1 Investment forecasts for the coming financial year will be accounted for when the budget is prepared.

7.2 During the financial year the Responsible Financial Officer /Clerk will report on investment activity to the Finance and Compliance Committee.

## 8.0 Risk Assessment

8.1 The Parish Council's reserves are covered by the Financial Services Compensation Scheme up to the deposit limits of the scheme and must therefore be carefully managed to mitigate the risk of losses.

8.2 The council will only invest in institutions of "high credit quality" as set out in section 4.1 of this strategy. Investments will be spread over different providers where appropriate to minimise risk.

8.3 The council will monitor the risk of loss on investments by reference to credit ratings. The council should aim for ratings equivalent to the Fitch F1 rating (AAA) for short-term investments or Fitch A- for long term investments. The council will also have regard for the general economic and political environment in which institutions operate.

8.4 The investment position will be reviewed regularly by the Responsible Financial Officer and reported to the Finance and Compliance Committee and full Council as part of regular financial reporting.

8.5 The council does not employ, in-house or externally, any financial advisors but will rely on information which is publicly available.

## 9. Review and amendment of regulations:

9.1 This strategy will be reviewed annually. The Annual Strategy for the coming financial year will be prepared by the RFO and presented for approval at Full Council.

9.2 The Council reserves the right to make variations to the Strategy at any time, subject to the approval of the Full Council. Any variations will be made available to the public.

## 10. Freedom of Information:

10.1 In accordance with the Freedom of Information Act 2000, the Council's Investment Strategy will be published on the Parish Council's website [www.Pangbourne-pc.gov.uk](http://www.Pangbourne-pc.gov.uk) and is also available upon advance request as a hard copy from the Parish Council Offices.

### Definitions

The following definition of Investments applies;

The term does not include pension funds or trust fund investments, which are subject to separate regulatory regimes and therefore are not covered by this guidance.

Revision History			
No	Details	Date	Author