



Oulton Broad Parish Council

Investment Policy

Legal Background

Oulton Broad Parish Council is mindful of the Statutory Guidance on Local Government Investments (3rd edition) issued by the Secretary of State, under section 15(1)(a) of the *Local Government Act 2003* and effective for financial years commencing on or after 1 April 2018. Under that section local authorities are required to “have regard” to “such guidance as the Secretary of State may issue”.

Introduction

Oulton Broad Parish Council acknowledges its responsibility to the community and the importance of prudently investing any reserve balances held by the council. All investments shall be negotiated in the name of Oulton Broad Parish Council and shall be for a specified period of time.

Objectives

Investment priorities are threefold:

- i. Security of reserves
- ii. Liquidity of investments
- iii. Once proper levels of security and liquidity are determined the Parish Council will then consider yield. The Parish Council’s objective is to secure an optimum return on its investments commensurate with proper levels of security and liquidity.

Investment Strategy

The Parish Council shall diversify its reserves between multiple relatively highly rated UK banks, building societies, various equities and government bonds. These will all be specified investments as defined by DCLG guidance. Equities and Government Bonds will be included in a Portfolio managed by a Stockbroker.

A significant percentage of the Council’s bulked reserves may also be placed on interest bearing term/notice deposits. The investment is made with a body or in an investment scheme described as high quality.

- (i) To retain liquidity these shall be placed with phased end dates.
- (ii) No one investment shall be for a period longer than the two years
- (iii) The Parish Council shall only invest with banks or building societies which it defines as “High Credit Quality”.
- (iv) Investments of reserve funds shall be decided and placed by the Responsible Financial Officer (RFO) following approval by the Finance Committee. The RFO will issue a report to Finance Committee on a quarterly basis.
- (v) Any movement of money shall be by the usual authorised signatories.
- (vi) Investment shall not run beyond the 4-year elections.

The RFO will give a report on the Council's Investment Strategy on a quarterly basis to the Finance Committee.

All investment certificates and other documents relating to investments shall be retained in safe keeping by the RFO or the Council's chosen stockbroker.
Any payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank or branch, shall be made in accordance with Regulation 5 and Regulation 6 of the Council's Financial Regulations (authorisation and instructions for payments.)

Non-financial investments

Non-financial investments are non-financial assets that the Parish Council holds primarily or partially to generate a profit. Non-financial investments are a physical asset that can be realised to recoup the capital invested. Oulton Broad Parish Council will consider whether its assets retain sufficient value to provide security of investment. This will be done using the fair value model in *International Accounting Standard 40: Investment Property* as adapted by "proper practices".

The Investment Strategy should include a statement that a fair value assessment has been made within the past twelve months, and that the underlying assets provide security for capital investment. Where the fair value of non-financial investments is no longer sufficient to provide security against loss, the Strategy should provide detail of the mitigating actions that the Parish Council is taking or proposes to take to protect the capital invested.

Risk Assessment and the Council's Risk Management Schedule

The Investment Strategy must explain the Parish Council's approach to assessing and mitigating risk. To minimise risk the Investment Strategy should disclose the steps taken to ensure that councillors and statutory officers involved in the investment's decision making and reporting process have appropriate capacity, skills and information to enable them to take informed decisions.

Review

Any revisions to this policy shall be approved by Finance Committee and presented to Full Council for final approval. It is recommended that the policy is reviewed and approved ahead of any new financial year.

Finance Committee shall review this policy annually or sooner if requested by either Internal or External Audit Reports, or by "proper practices" defined in Governance & Accountability 2022".

This Policy will be displayed on the Parish Council's website.