

SONNING COMMON PARISH COUNCIL SOUTH OXFORDSHIRE

Parish Office

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Financial Investment Strategy Policy

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1.0 Introduction

- 1.1 This policy is created under guidance issued by the Secretary of State for Communities and Local Government in accordance with the Local Government Act 2003. The extant guidance was issued by DCLG in 2010.
- 1.2 This policy forms part of the SCPC Financial Regulations with payments and transfers made in line with the Regulations.
- 1.3 Sonning Common Parish Council acknowledges its responsibility to the community and the importance of prudently investing any reserves held by the council.

2.0 Objectives

- 2.1 The general policy objective of the Council is prudent investment of its balances. The Council's investment priorities are:
 - (i) Security of reserves or excess short-term cash positions
and then
 - (ii) Liquidity of investments
- 2.2 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

3.0 Investment Policy

- 3.1 The Parish Council shall diversify its reserves between multiple relatively highly rated UK banks and building societies. The Parish Council shall only use specified investments as defined by DCLG guidance.
- 3.2 100% percentage of the Council's bulked reserves and excess short-term cash positions shall be placed on interest bearing term/notice deposits.
- 3.3 To retain liquidity these shall be placed with phased end dates i.e. there will always be some maturing sooner than others.
- 3.4 No one investment shall be for a period longer than 12 months.
- 3.5 No investment shall be held with the council's current bankers.

- 3.6 The Parish Council shall only invest with banks/building societies which it defines as “High Credit Quality”. This being those with a credit rating of A with Moody’s Investors Service or BBB with Standard and Poor’s or Fitch Ratings Ltd.
- 3.7 Investments shall be decided and placed by the Responsible Financial Officer having used due diligence including as a minimum finance search engines and ratings agencies.
- a. This shall be approved by the Finance Committee
 - b. The actual movement of money shall be by the usual authorised signatories outlined in the Financial Regulations
- 3.8 The Responsible Financial Officer shall review credit ratings of organisations in which the Council holds investments on a quarterly basis. Should the credit rating of an organisation fall below that specified under 3.6, the Responsible Financial Officer shall consult the Chairman of the Finance Committee and propose alternative providers.

4.0 Revision

- 4.1 Any revisions to this policy shall be approved by the Full Council.
- 4.2 The Finance Committee shall review this policy annually and recommend any proposed changes to Full Council prior to the commencement of the new financial year. Where no changes are proposed, Full Council shall note the policy.
- 4.3 Notwithstanding 4.2 this policy shall be reviewed in the event the Bank of England increases its base rate above 3% or the Financial Services Compensation Scheme is extended to cover the Parish Council.

Adopted by the council on 26/10/20 Minute reference: 21/175