

Kingsley Parish Council

Kingsley Parish Council
The Boardroom
Kingsley Cemetery
Hollow Lane
Kingsley
Cheshire
WA6 8EF

www.kingsleyparishcouncil.org.uk

Investment Policy Adopted 16.9.25

1. Introduction

1.1 The Council recognises and affirms the importance of the prudent investment of funds held in reserves and other balances, for the purpose of ensuring financial stability, safeguarding public money, and promoting the sustainable delivery of services.

1.2 Pursuant to the Trustee Investments Act 1961, a parish council is empowered to invest. It is also empowered to deposit funds in a bank account (including one that earns interest - known as a 'savings account') authorised under "Incidental Powers" of Section 111 of the Local Government Act 1972.

1.3 This Strategy has been prepared in accordance with, and shall be construed as complying with, the following statutory and regulatory guidance:

- *The Department for Communities and Local Government ("DCLG") Statutory Guidance on Local Government Investments (as amended from time to time);*
- *Governance and Accountability for Local Councils: A Practitioner's Guide (most recent edition).*

1.4 For the purposes of this Strategy, "treasury management activities" shall mean the Council's management of its investments, cash flows, and banking arrangements, the effective identification and control of associated risks, and the pursuit of value-for-money consistent with the Council's statutory duty of financial prudence.

2. Policy

2.1 This Strategy establishes the formal objectives, policies, practices, and reporting arrangements which shall govern the Council's treasury management activities and the associated risks.

3. Investment Objectives

3.1 Both the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice and the DCLG Guidance require that local authorities invest funds on the basis of prudence, giving primary regard to:

- *Security: protecting the capital sum from loss; and*

- *Liquidity: ensuring that funds are available when required; and only thereafter seeking to optimise yield.*

3.2 The Council's overriding objective is to achieve an appropriate balance between risk and return, with the minimisation of risk being paramount. The Council will therefore seek to secure optimum returns commensurate with the principles of security and liquidity.

3.3 The Council's investment and savings priorities are, in strict order of precedence:

1. The security of its reserves;
2. The maintenance of adequate liquidity; and
3. The generation of returns.

3.4 All investments shall be denominated in pounds sterling (£).

3.5 In accordance with statutory guidance, the Council shall not borrow funds for the sole purpose of investment or on-lending in order to secure a return. Such activity is deemed unlawful.

3.6 The Council shall set investment limits by reference to the lowest published long-term credit rating issued by Fitch, Moody's, or Standard & Poor's. Credit ratings shall be obtained and monitored by the Responsible Finance Officer ("RFO"), who may utilise the services of an external treasury management adviser.

3.7 The Council may place funds with reputable organisations only.

3.8 The Council shall regularly monitor credit ratings and other relevant risk indicators. Investments shall be restricted to institutions deemed to be of "high credit quality" in accordance with Section 4.2 of this Strategy.

3.9 Where an institution is downgraded below the approved criteria:

- *No further investments shall be placed with that institution;*
- *Existing investments capable of recall or sale without penalty shall be so recalled or sold; and*
- *All remaining exposures shall be reviewed by the RFO, and a recommendation made to the Council regarding early withdrawal or retention until maturity.*

3.11 The Council acknowledges that credit ratings are not infallible. Regard shall therefore be had to additional market intelligence including, inter alia, credit default swaps, audited financial statements, government support mechanisms, and reputable financial press.

3.12 Investments may be diversified across multiple counterparties, subject to approved limits, and legislation, to mitigate concentration risk.

3.13 Where an external investment manager is appointed, such manager shall be contractually bound to comply with this Strategy and any supplemental instructions of the Council.

4. Specified Investments

4.1 Statutory Guidance defines "Specified Investments" as those which are:

(a) denominated in sterling;

- (b) repayable within twelve (12) months;
- (c) not classified as capital expenditure; and
- (d) made with one of the following:

- The UK Government;
- A UK local authority, parish or community council; or
- A body or scheme of “high credit quality.”

4.2 For the purposes of this Strategy, “high credit quality” shall mean:

- A credit rating of ‘A-’ or higher; and
- Domicile within the United Kingdom or a sovereign state rated ‘AA+’ or higher. In the case of Money Market Funds or pooled funds, a rating of ‘A-’ or higher shall be required.

4.3 Short-term investments with the UK Government, local authorities, or parish councils shall automatically be classified as Specified Investments.

4.4 Deposits may be placed with banks, local authorities, or other approved bodies for the prudent management of treasury balances.

4.5 The Council Committee shall determine the institution and term of each investment, subject always to this Strategy and the Council’s liquidity requirements.

4.6 The Council’s current operational banking arrangements are with Unity Trust Bank. The Council intends to diversify future investments across a wider range of approved counterparties to mitigate risk.

4.7 Day-to-day banking shall remain with Unity Trust Bank. Consideration shall be given to the opening of interest-bearing accounts and pooled funds, including the CCLA Public Sector Deposit Fund (provided any fund qualifies as an approved collective investment scheme at time of investment).

4.8 Initial approved counterparties include:

- *Unity Trust Bank – Current Account;*
- *Unity Trust Bank – Savings Account;*
- *CCLA – Public Sector Deposit Fund (provided it qualifies as an approved collective investment scheme at time of investment).*

The Council recognises that pooled funds are not bank deposits, may fluctuate in value, and are not protected by the Financial Services Compensation Scheme (FSCS).

5. Liquidity of Investments

5.1 The Council shall determine maximum investment maturities, having regard to forecast expenditure and liquidity risks. All such determinations shall comply with this Strategy and the Council’s earmarked reserves requirements.

6. Long-Term Investments

6.1 “Long-term investments” shall be defined in accordance with DCLG Guidance as those repayable after twelve (12) months.

6.2 The Council currently holds no long-term investments.

7. Reporting

7.1 The RFO shall provide regular reports on investment activity to the Council.

8. Review and Amendment

8.1 This Strategy shall be reviewed each year by the Council, with recommendations submitted to Full Council for approval.

8.2 The Annual Investment Strategy for each financial year shall be prepared by the RFO and presented to the Council for approval.

8.3 Full Council approval shall be required for the adoption of, or variation to, this Strategy. Any variations shall be published and made available for public inspection.

9. Treasury Management Advice

9.1 The RFO may recommend the procurement of independent professional advice in respect of treasury management, including the review of this Strategy and allocations of Specified Investments.

9.2 External advice may be sought from:

- The relevant principal local authority;
- Specialist treasury management advisory firms with local authority expertise; or
- Independent financial advisers of demonstrable competence and regulatory standing.