



INVESTMENT POLICY

As re-adopted at a meeting of Meppershall Parish Council on 13th December 2021

CONTENTS

DOCUMENT CONTROL.....	3
DOCUMENT AMENDMENT HISTORY	3
1 INTRODUCTION.....	4
2 DEFINITIONS.....	4
3 INVESTMENT OBJECTIVES	4
4 INVESTMENT POLICY.....	5
5 SPECIFIED INVESTMENTS	5
6 NON-SPECIFIED INVESTMENTS	5
7 LIQUIDITY OF INVESTMENTS.....	6
8 LONG TERM INVESTMENTS.....	6
9 END OF YEAR INVESTMENT REPORT	6
10 TREASURY POLICY	6
11 REVIEW AND AMENDMENT OF POLICY	7

DOCUMENT CONTROL

Organisation	Meppershall Parish Council
Title	MPC Investment Policy
Creator	Alessandra Marabese - Clerk
Source	Procedures Working Group
Approvals	Monday 13 th December 2021
Distribution	Internal and External
Filename	MPC Investment Policy v2.0 2021©
Owner	Clerk
Subject	Finance
Protective Marking	None
Review date	Annually after adoption

DOCUMENT AMENDMENT HISTORY

Revision No.	Originator of change	Date of change	Change Description
1.0	Creation	11/11/19	Policy Created
2.0	Clerk	13/12/21	Policy revised

1 INTRODUCTION

- 1.1. Meppershall Parish Council (the Council) acknowledges the importance of prudently investing its temporarily held surplus funds on behalf of the community
- 1.2. The Local Government Act 2003, section 15(1), requires a local authority to have regard:
 - 1.2.1. to such guidance as the Secretary of State may issue, and
 - 1.2.2. to such other guidance as the Secretary of State may by regulations specify.
- 1.3. This investment policy complies with the Department for Communities and Local Government's (MHCLG) Guidance on Local Government Investments 2010.

2 DEFINITIONS

- 2.1. Investments – these are all investments of more than 12 months in duration
- 2.2. Treasury – all cash deposits held in bank accounts which includes bonds of up to 12 months in duration.

3 INVESTMENT OBJECTIVES

- 3.1. In accordance with Section 15(1) of the 2003 Act, the Council will have regard (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.
- 3.2. The Council's overriding investment priorities are:
 - 3.2.1. RISK - to mitigate risk
 - 3.2.2. SECURITY - to invest prudently to ensure the security of the capital sum.

Investments should only be made within a bank or building society which are safeguarded for individual savers by the Financial Services Compensation Scheme (FSCS) although it should be understood that corporate accounts, including those of parish councils, are not safeguarded by this scheme. The total invested with any such financial institution or group of non-independent institutions should not exceed £100,000.
 - 3.2.3. LIQUIDITY - to maintain liquidity in the portfolio to meet the councils spending plans. Any proposed investment(s) should only follow the approval by Council of an appropriate cash flow analysis covering the period of the proposed investment(s). Cash projected to be available from the council's current account should be judged as adequate to cover the council's current debts during the period of the investment(s).
 - 3.2.4. YIELD - to seek the optimum returns available whilst remaining consistent with the proposed levels of security and liquidity.

Cash should be invested in the account or accounts which satisfy the security and liquidity requirements described above and which maximise the yield available.

4 INVESTMENT POLICY

- 4.1. All investments will be made in sterling, using only deposit or bond accounts covered by the Financial Services Compensation Scheme and sums invested will be kept within the sum guaranteed by the FSCS.
- 4.2. The DCLG 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. The Council will refer to CIPFA Prudential Code for Capital Finance in Local Authorities (2009) when considering the investment of monies borrowed in advance of need.
- 4.3. ~~Where external treasury management advisers are used, they will be contractually required to comply with this policy and their engagement will only be approved by Council following a review of CIPFA guidance 'Treasury Management Advisors — Regulation and Services' March 2010 or as amended.~~
- 4.4. The Council will consider credit ratings as part of its credit risk management process and will review these ratings at 6 monthly intervals.
- 4.5. ~~The Council will also consult its NALC County Association Adviser on the development of any credit risks known to them prior to authorising investments.~~
- 4.6. The Council will review and respond to the investment management training needs of its Responsible Financial Officer (RFO) to ensure that the post holder is appropriately equipped to advise the Council on relevant matters.

5 SPECIFIED INVESTMENTS

- 5.1. Specified Investments are those offering high security and high liquidity, made in sterling and with a maturing 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.
- 5.2. For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, this Council will use:
 - 5.2.1. Deposits with UK banks and building societies that are authorised and regulated by the Prudential Regulation Authority (PRA), or local authorities or other public authorities that are managed through the HM Treasurer's UK Debt Management Office, and are
 - 5.2.2. guaranteed by the Financial Services Compensation Scheme (FSCS) with funds deposited being kept within the specified guaranteed sum (currently £85,000)

6 NON-SPECIFIED INVESTMENTS

- 6.1. A non-specified investment is any financial investment that is not a loan and does not meet the criteria to be treated as a specified loan. These investments have greater potential risk — examples include investment in the money market, stocks and shares.
- 6.2. Given the unpredictability and uncertainties surrounding such investments, this Council will not use this type of investment

7 LIQUIDITY OF INVESTMENTS

- 7.1. The RFO will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity and will seek the approval of the Council prior to the re-investment of funds upon maturity.
- 7.2. Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the counter party

8 LONG TERM INVESTMENTS

- 8.1. Long-term investments are considered by the Council as any investment other than:
 - 8.1.1. one which is due to be repaid within 12 months of the date on which the investment was made or
 - 8.1.2. one which the local authority may require to be repaid within that period.
- 8.2. The Council does not currently hold any long-term investments.
- 8.3. No long-term investments (12 months +) are envisaged during the current financial year.

9 END OF YEAR INVESTMENT REPORT

- 9.1. Investment forecasts for the coming financial year are to be accounted for when the budget is prepared.
- 9.2. At the end of the financial year, the RFO will report on investment activity to the Council.

10 TREASURY POLICY

- 10.1. MPC will hold its working funds as cash deposits in bank accounts and bonds. It is advisable that these cash deposits are spread over 2 or 3 banks. It will be advisable for no more than £100,000 of the council's cash deposits to be held with one institution.
- 10.2. Income and payments will be made from one bank account. Sufficient funds for the day to day transactions will be held within this bank account.
- 10.3. Where required by the Local Authority a separate bank account may be required to manage the S106 transactions.
- 10.4. Cash balance will be reported to the full council on a monthly basis.
- 10.5. Full Council approval is required when a deposit with a new institution is required. The RFO will have delegated authority to deposit funds with any of the councils existing bankers provided these transactions are reported to council.
- 10.6. Within the limited range of potential investments identified above, it is not considered necessary to engage the services of a treasury management adviser. Internet research is considered adequate.

11 REVIEW AND AMENDMENT OF POLICY

- 11.1. This Policy will be reviewed annually for the coming financial year, will be prepared by the RFO and presented for approval by Council.
- 11.2. The Council reserves the right to make variations to this policy at any time. Any variations will be made available to the public.