

# COPDOCK and WASHBROOK PARISH COUNCIL

## INVESTMENT POLICY 2024

### Introduction

1. As part of its fiduciary duty, Copdock & Washbrook Parish Council (the Council) acknowledges the importance of prudently saving and investing any temporary surplus funds held on behalf of the community.
2. This Policy complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments and takes into account Section 15(1)(a) of the Local Government Act 2003 and guidance within the Governance and Accountability for Local Councils Practitioners' Guide 2022.
3. Parish Councils have the power to invest surplus funds and the Local Government Act 2003 states that a local authority may invest:
  - For any purpose relevant to its functions under any enactment.
  - For the purpose of prudent management of its financial affairs.

### Policy

1. This policy establishes formal objectives, practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks and should be read in conjunction with the Council's Financial Regulations.

### Investment Objectives

1. The Council will apply three criteria in assessing what investments it should make:
  - Security – in recognising the Council's responsibilities, it will seek to manage the risks associated with investment by prioritising security above the other two investment criteria. All investments will be made with a body or an investment scheme which has been awarded a high credit rating by a credit agency in comparison with other financial institutions.
  - Liquidity – whilst the Council may invest funds in either short-term or long-term investment products, the presumption will be that it will maintain high levels of liquidity and seek investment generally for a period of up to 12 months.
  - Return – this will depend on the investment options available at any one point in time.

### Control Measures

1. All investments will be made in sterling and any repayments or payments will also be made in sterling.
2. All investments will be within the UK only.

## **Strategy**

1. Copdock & Washbrook Parish Council's current account(s) is maintained with a UK clearing bank – Unity Trust Bank.
2. Ideally, the combined total of current account balances should not exceed £85,000, the maximum currently covered by the Financial Services Compensation Scheme (FSCS) (at any one time). The remainder of the funds held will be invested to ensure maximum interest earned whilst retaining flexibility of cashflow and minimizing risk to capital. As a principle, funds will be distributed between a number of organisations to minimise any loss in the event of the failure of a single institution.
3. The management of cash flow will include transfer of funds between accounts in order to maximise returns on investments. However, it is recognised that interest rates can be low and so there may only be marginal gains to be achieved in transfers between accounts and into short-term investments available to customers within local government.
4. Call deposit accounts shall be maintained with the bank holding the current account(s) for ease of transfers.
5. Any funds above the maximum covered by the FSCS will be placed with other UK banks or building societies.
6. The term of any deposit will not exceed 12 months unless the funds are required for a specific, longer period.
7. Preference will be given to investment products that can demonstrate ethical investment.
8. Investments will be considered at a Full Council meeting for approval.

**This Investment Policy 2024 is to be read in conjunction with the Copdock & Washbrook Parish Council Investment Strategy document, as adopted by the Parish Council.**

**The next review will be due in 2025.**