HAWKWELL PARISH COUNCIL

INVESTMENT STRATEGY

1 <u>INTRODUCTION</u>

Hawkwell Parish Council (the "Council") acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty. In preparing its investment strategy, the Council is required under Section 15(1) of the Local Government Act 2003 to have regard to the revised requirements set out in the Department for Communities and Local Government *Guidance on Local Government Investments* and guidance within *Governance and Accountability for Local Council's Practitioner's Guide 2018.* The Guidance recommends that a council produces an Annual Investment Strategy which sets out its policy for managing the investments and giving priority to the liquidity and security.

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.

2 <u>POLICY STATEMENT</u>

2.1 This Strategy establishes formal objectives, policies and 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.

3 <u>DEFINITIONS</u>

- <u>Treasury Management Activities</u> are defined as "*the management of the Council's cash flows, its banking transactions, the effective control of the risks associated with those activities and the pursuit of best value performance consistent with those risks".*
- <u>'Specified Investment(s)</u> are made in sterling, not long-term (less than 12 months), not defined as capital expenditure and placed with a body which has a high credit rating or made with the UK Government or a UK Local Authority.
- <u>Short-term investments</u> shall be defined as less than 1 year.
- <u>Long-term investments</u> shall be defined as 1 year or greater.
- <u>'Non-Specified Investments'</u> have greater potential risk - examples include investment in the money market, stocks and shares.

4 <u>INVESTMENT PRIORITIES</u>

4.1 The Council's investment priorities are:

- the security (protecting the capital sum from loss) of its reserves;
- the adequate liquidity (allowing access to money for expenditure) of its investments; and
- the return on investment – the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

4.2 The Department for Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and the Council may not engage in such activity.

4.3 The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies, which is publicly available.

5 SPECIFIED INVESTMENTS

5.1 The Council will invest its reserves in specified investments which are defined by the Guidance as investments that are:

- denominated in sterling and any payments or repayments in respect of the investments are payable only in sterling;
- that have a period to maturity of no more than 12 months;
- not defined as capital expenditure (essentially this precludes investment in share or loan capital of any corporate body);
- made with a body or in an investment scheme which has been awarded a high credit quality or is made with the UK Government or a Local Authority. These include UK banks, UK building societies, Licenced Deposit Takers (licensed by the Bank of England) or UK local authorities.

5.2 Investments below £10,000 are not subject to the Guidance but for investments between £10,000 and £500,000 the council is required to make a formal decision on the extent to which it would be reasonable to adopt the Guidance.

5.3 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 counterparty.

5.4 For the prudent management of its treasury balances, whilst maintaining sufficient levels of security and liquidity, the Council will only invest in Specified Investments as defined above.

5.5 Decisions on any specified investments will be made by recommendation from the Responsible Finance Officer (RFO) to the Finance Committee and ratified by Full Council.

6 NON-SPECIFIED INVESTMENTS

6.1 These investments have greater potential risk. Examples include investment in the money market, stocks and shares, where professional investment advice might be required.

6.2 Given the unpredictability surrounding investment in the money market, the Council will not use stocks and shares as a type of investment.

7 LONG-TERM INVESTMENTS

7.1 It is not the policy of the Council to have any long-term investments. Funds are accumulated to cover anticipated asset replacement costs and to provide for envisaged projects and may be required at short notice.

7.2 The Council does not hold any funds in long-term investments.

8 INVESTMENT STRATEGY 2026-27

8.1 For 2026/27, Council will invest as much of its balances as possible in low risk products in order to achieve its investment objectives.

8.2 Current arrangements are as follows:

Metro Bank Current Account (Instant Access)
Metro Bank Community (Instant Access) Deposit Account (0.75%)

A working balance of around 3 months working expenditure is held in the Current Account and approximately £85k is held in the Metro Bank Deposit Account. Interest from the Deposit Account is paid monthly. The interest received for the year 2025/26 was **£392.06.**

CCLA Public Services Deposit Fund (PSDF)

Council funds in excess of £85k are invested in the CCLA (PSDF). Interest is reinvested monthly into the Fund and the interest received for the 12 months to February 2026 was **£12,317.66**. The Fund total stands at **£263,327.64**.

8.3 At the end of the financial year, the RFO will report on any investment activity to the Finance Committee.

9 REVIEW AND AMENDMENT TO THE POLICY

9.1 The Investment Strategy will be reviewed at least once annually at a meeting of the Finance Committee in the presence of the RFO with recommendations to Full Council.

9.2 The Council reserves the right to make variations to the strategy at any time. Any variations will be made available to the public.

10 ACCESS TO INVESTMENTS

10.1 The maximum period for which funds may prudently be committed so as not to compromise availability will be recommended by the Chairman of the Finance Committee, in consultation with the RFO and reported at the next meeting of the Finance Committee. The final decision will be made by the Full Council. The Council is ultimately responsible for its investments.

11 FREEDOM OF INFORMATION

11.1 In accordance with the Freedom of Information Act 2000, this document will be published on the Council's website www.hawkwellparishcouncil.gov.uk and a hard copy will be available from the Parish Office.

Reviewed: April 2026
Committee: Finance Committee