

## WINDLESHAM PARISH COUNCIL

### INVESTMENT STRATEGY – ADOPTED FEBRUARY 2024

#### **1. Introduction**

- 1.1 The Local Government Act 2003 ('the Act') Section 12 provides a local authority with the power to invest:
- (a) *For any purpose relevant to its functions under any enactment; or*
  - (b) *For the purpose of the prudent management of its financial affairs*
- 1.2 Section 15(1) of the Act requires a local authority to have regard to guidance issued by the Department for Levelling Up, Housing and Communities (DLUHC).
- 1.3 The Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide states '*Arrangements need to be in place to ensure that the authority's funds are managed properly and that any amounts surplus to requirements is invested appropriately, in accordance with an approved strategy which needs to have regard to DLUHC's statutory Guidance on local government investments. If total investments are to exceed the threshold specified in DLUHC's statutory guidance at any time during a financial year, the authority needs to produce and approve an annual Investment Strategy in accordance with the DLUHC guidance.*'
- 1.4 The council acknowledges that the threshold within the DLUHC's statutory guidance is £100,000 and has therefore developed this Investment Strategy.

#### **2. Objectives**

- 2.1 The council's priorities are, in the following ranking order:
- (a) The security of capital to minimise the risk of losses
  - (b) The liquidity of investments to meet the cash flow needs of the council
  - (c) Maximising income within the framework of the national economic situation
- 2.2 The council will aim to achieve a high rate of return on investments commensurate with adequate safeguards of security and liquidity.

- 2.3 The council will endeavour to maximise the depositor protection offered by the Financial Services Compensation Scheme (FSCS) or other deposit protection schemes available.
- 2.4 The council acknowledges that the FSCS offers 100% protection up to £85,000 *per financial institution* for small local authorities, which within the FSCS guidance are defined as '*local authorities with an annual budget of up to €500,000*' (approx. £428,000 February 2024). As the Council's budget exceeds this limit the deposits made are therefore not covered by the scheme.

### 3. Investments

- 3.1 All investments and deposits will be in pounds sterling (£) and placed with UK registered financial institutions. Wherever possible, these institutions will be covered by the depositor protection of the FSCS.
- 3.2 Where investments or deposits are made with financial institutions that are not covered by the FSCS depositor protection, the credit rating of the institution will be a minimum of 'A', and the credit ratings will be checked as least annually by the RFO.
- 3.3 Where appropriate to do so, and to benefit from a higher rate of interest, an instant access deposit account may be used for any surplus funds needed for current expenditure. A daily 'feed' or 'sweep' facility may be set up between the instant access account and the council's primary current account if that is beneficial to the council's liquidity requirements.
- 3.4 Funds not needed for current expenditure (i.e., general or earmarked reserves) may be placed on longer term investments, taking into account the liquidity requirements of the council and the financial projections of the council's adopted business plan.
- 3.5 Longer term investments are defined as those with a maturity date exceeding 12 months. Long term investments are treated as assets within the definition outlined in the JPAG Practitioners' Guide.

### 4. Reporting and Review

- 4.1 An annual report on the council's investments and deposits will be provided to the Finance Committee, prior to the council determining its budget and precept for the forthcoming financial year.

This policy will be reviewed and approved annually by council, taking into account any changes to guidance contained within legislation and the JPAG Practitioners' Guide