



## **LISS PARISH COUNCIL INVESTMENT POLICY**

### **Context**

This document establishes policy and reporting arrangements for the management and control of the Parish Council's funds.

This document uses as guidance the Department for Communities and local Government 'Guidance on Local Government Investments' issued under section 15(1)(a) of the Local Government Act 2003 effective on or after 1 April 2018. It applies where a parish council expects its total investments exceed £100,000 in the financial year.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/678866/Guidance\\_on\\_local\\_government\\_investments.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf)

The Parish Council acknowledges the importance of openness and accountability for the prudent management of public funds.

The Parish Council will determine each year an investment strategy:

1. The type, purpose, and extent of any investment.
2. The levels of investment that can be made in each category (Specified, loans and non-specified Investments)
3. The overall sums available for investment
4. Maximum terms of investment and rate of return

### **Risk**

The Parish Council's risk procedures consider the current Guidance on Local Government Investments.

The Parish Council's investment priorities are the security of reserves and liquidity of its investments with the generation of income only after security and liquidity has been assured.

The Parish Council will review risk on an annual basis.

## **External Management of Funds**

Where external investment managers are employed, they will be contractually required to comply with the strategy.

## **Specified Investment**

An investment is a specified investment if all the following apply:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling.
- The investment is not a long-term investment (i.e., it is one which due to be or is able to be repaid within 12 months).
- The making of the investment is not defined as capital expenditure by regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.
- The investment is made with a body or in an investment scheme of high credit quality, or with one of the following public-sector bodies:
  - o The United Kingdom Government
  - o A local authority in England and Wales
  - o A Parish Council or Community Council

For the purposes of this policy high credit quality is measured through credit rating, which is an evaluation of the credit worthiness of a debtor, especially a business (company) or a government, but not individual consumers. The evaluation is made by a credit rating agency of the debtor's ability to pay back the debt and the likelihood of default. Evaluations of individuals' credit worthiness are known as credit reporting and done by credit bureaus, or consumer credit reporting agencies, which issue credit scores.

Credit assessment and evaluation for companies and governments is generally done by a credit rating agency such as Standard & Poor's, Moody's or Fitch. These rating agencies are paid by the entity that is seeking a credit rating for itself or for one of its debt issues.

## **Loans**

The Parish Council will not make any loans to any organisations, businesses or individuals for any reason.

## **Non-specified Investment**

These investments have a greater potential risk, such as investment in stocks and shares and the Parish Council will not participate in such investments, which are considered not to offer the level of security and liquidity required.

## **Borrowing**

The Parish Council recognises that there are other methods of raising resources for capital financing, other than borrowing including use of Reserves, Government grants, Lottery funding, leases and capital contributions from other partners and stakeholders.

Wherever possible the Council will seek external funding towards capital projects.

Local Council borrowing is governed by Schedule 1 of the Local Government Act 2003. Borrowing may only be entered into for a purpose that would be capital expenditure as defined in S16 of the Local Government Act 2003 and the decision must be made by the full Council.

The requirement to borrow will be reviewed annually as part of the budget process. The Council is only likely to borrow if it is felt the benefits of borrowing outweigh any risks and where the benefit of the investment matches the period of repayment.

## **Reporting on investment performance**

Reporting will be included in the Finance report given by the RFO to the Parish Finance Committee on a quarterly basis.

*Approved by Liss Parish Council on 18<sup>th</sup> March 2024.*

*To be reviewed in 3 years.*