

Investment Strategy 26/27

1. Longworth Parish Council (the “PC”) acknowledges its responsibility to the parish and the importance of prudently investing any surplus funds held by the PC until they are required for expenditure purposes.
2. The Local Government Act 2003 requires Local Authorities to produce an Investment Strategy each year. This Strategy has been prepared in accordance with the Guidance on Local Government Investments (“the Guidance”) issued under s.15(1), Local Government Act 2003 (“s.15(1)”). The Guidance applies to parish councils providing their total investments exceed, or are expected to exceed, £100,000 at any time during the financial year. Parish councils that expect their total investments to be between £10,000 and £100,000 are encouraged to adopt the principles of the Guidance. In accordance with s.15(1), the PC will have regard to the Guidance.
3. This Strategy sets out:
 - Investment Objectives;
 - Categories of Investments; and
 - Investment Strategy

4. Investment Objectives

The PC’s prudential investment objectives for its reserves are:

- security (protecting the capital sum from loss); and then
- liquidity (keeping the money readily available for expenditure when needed).

The generation of yield is distinct from the prudential objectives and will be considered once levels of security and liquidity have been determined. The PC will achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

5. Categories of Investments

5.1 Specified Investments are those offering high security and high liquidity and that meet the following criteria:

- are made in £GBP;
- are not long term (24 months or less);
- are not defined as capital expenditure;
- are made with a body which has a high credit rating; or

- are made with the UK Government, a UK local authority, or a parish or community council.
- 5.2 A non-specified investment is any financial investment that is not a loan and does not meet the criteria to be treated as a specific investment. Such an investment has a greater risk potential and examples include money markets and stocks and shares.
- 5.3 A council may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth. Such loans can be made if certain conditions can be met as per the Guidance.
- 5.4 Non-financial investments are non-financial assets that a council may hold primarily or partially to generate a profit. Where a council holds a non-financial investment, it will normally have a physical asset that can be realised to recoup the capital invested.

6. Investment Strategy

- 6.1 The PC's Investment Strategy will be reviewed and approved annually by the PC.
- 6.2 The PC recognises that Councillors are not experts in the field of investment fund management and, as part of the annual review, will assess if there is a requirement to obtain independent, external, expert advice regarding its investments.
- 6.3 If a material change is required during the year, a revised Strategy shall be approved by the PC before the change is implemented.
- 6.4 The PC will ensure it holds sufficient funds in the current account to meet its short-term financial commitments to salary payments and creditors.
- 6.5 All accounts will be held with banks and building societies which are regulated by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA").
- 6.6 The PC shall only invest with organisations which hold a 'High Credit Quality' by one of the credit rating agencies stated in the Guidance (Standard and Poor's, Moody Investors Services Ltd, and Fitch Ratings Ltd). The credit rating will be checked annually.
- 6.7 The PC will not borrow more than, or in advance of, its needs purely to profit from the investment of the extra/early sums borrowed.
- 6.8 The Responsible Financial Officer shall report annually on the return on investments.