



Document Reference – BCSPC POL 20

Brightwell Cum Sotwell Parish Council

Investment Policy

Version	Release Date	Distribution	Notes	Reviewed	Date Adopted
BSCPC Pol 20	9 July 2024	July 2024		16 July 2024	16 July 2024

Document Sign Off & Adoption

This document was distributed to Councillors prior to the 16th July 2024 Parish Council Meeting. The Policy was discussed at the meeting. No revisions were required and the Policy was formally adopted (Ref: 5c of the minutes of that meeting).

Adoption Witnessed by the Clerk to Brightwell Cum Sotwell Parish Council

Name: _____ Gabrielle McEvoy _____

Signature: _____ *G. U. McEvoy* _____

Date: __17 July 2024_____

Brightwell Cum Sotwell Parish Council, hereinafter referred to as “the Council”.

1. Introduction

The investment policy establishes formal objectives, policies, practices and reporting arrangements for the effective management and control of the Brightwell-cum-Sotwell Parish Council’s treasury management activities and the associated risks. It should be read in conjunction with the Council’s Financial Regulations and Reserves Policy.

The Council acknowledges its duty of care to the community and the prudent investment of funds. This policy document relates mostly to the management of CIL monies.

2. Relevant Regulations and Guidance

2.1 The Local Government Act 2003 Section 12 provides 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. Section 15(1) of the Act requires a local authority to have regard to guidance issued by the Secretary of State.



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2.2 Current application national guidance¹ applies to councils with total investments over 100K and requires the adoption and publishing of Investment Strategies which set out the risk profile of the Council's investments and how investment returns will contribute to service delivery. Parish Council's are enjoined to prioritise Security, Liquidity and Yield in that order of importance, and to be especially clear about whether core service provision is in any way reliant on investments generating certain yields. Councils are also required to demonstrate that members and officers have appropriate capacity, skills and information to enable them to take informed decisions in this area.

2.3 This policy also complies with the expectations of the Governance and Accountability for Local Councils Practitioners Guide 2019.

3. Reserves

It is unlawful for Parish Councils to operate in overdraft. The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure, but at the same time Councils have no legal power to hold reserves other than those for reasonable working capital needs or for specifically earmarked purposes. General (unrestricted) reserves can be used to smooth the impact of uneven cash flows or can be held in case of unexpected events or emergencies. Purposes for earmarked reserves can include renewal of assets; carry forward of underspends; specific augmentation of insurance cover, or other foreseeable liabilities. The amount of general reserve should be assessed annually in terms of risk and opportunity costs and approved as part of the budget process to confirm as still appropriate.

4. Investment Objectives

4.1 The Council's investment, in priority order, are:

4.1.1 the security of its funds

4.1.2 the adequate liquidity of investments, and

4.1.3 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 Council only invests in institutions of high credit quality.

5. Specified Investments

5.1 Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year.

5.2 The choice of institution and length of deposit will be at the approval of the Council

5.3 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

¹ Statutory Guidance on Local Authority Investment, UK Secretary of State April 2018



6. Non-specified Investments

6.1 These investments have greater potential risk – examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council will not use this type of investment.

7. Security of Investments

The Council will seek to protect funds from loss in these ways:

- a. All investment and deposits will be with schemes of high quality, which may include the UK Government, UK Financial Services Compensation Scheme (FSC)-registered financial institution or via another local authority.
- b. All investments, deposits and interest will £ sterling.
- c. To minimise financial risk, fixed-term investments will be made exclusively via FSC-guaranteed £85,000 maximum.
- d. The choice of investment institutions/products will be subject to due diligence review, making reference to relevant sources of financial, economic and ratings information.
- e. Monitoring procedures will include regular checks to ensure compliance with these policy lines.

8. Liquidity of Investments

The Council, in consultation with the Lead Councillor for Finance and the Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

9. Yield

When deciding where to hold surplus funds, the Council will consider what yields are available. It will seek to maximise yield as long as the prudential objectives of security and liquidity are met.

10. Review and Amendment of Regulations

10.1 The Investment Policy must be reviewed annually and revised if considered necessary. Any changes will be approved by the Council.