

		<b>Policy Name:</b> Investment Policy and Strategy <b>Policy Number:</b> FCC-13	
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<b>Reviewed by:</b>		Full Council	
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### 1. Introduction

Fairfields Community Council (hereafter known as ‘Council’) acknowledges the importance of prudently investing surplus funds held on behalf of the community. All investments will be made in line with the Council’s financial procedures and observations, or advice received from the Council’s internal and external auditors. The Council does not usually employ financial advisors but will rely on information which is publicly available.

### 2. Powers

Parish, town and community councils have the power to invest surplus funds and 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.

### **3. Council Duties**

- 3.1 This investment strategy is in accordance with
- i. Guidance issued by the Secretary of State under 15(1)(a) of The Local Government Act 2003.
  - ii. Governance and Accountability for Smaller Authorities in England, A Practitioners' Guide to Proper Practices document (to be applied in the preparation of statutory annual accounts and governance statements) written by the Joint Panel on Accountability & Governance (March 2024)
  - iii. Guidance on local government investments issued by Ministry of Housing, Communities and Local Government with effect from 1 April 2018.
- 3.2 It is unusual for an authority to hold its reserves other than in the form of easily accessible bank deposits or other short-term investments. These are only used to maximise income from cash balances during the financial year. Occasionally, circumstances require consideration in making other types of investments, for example when saving for a future capital project or while deciding how to apply the proceeds of an asset sale or a donation.
- 3.3 The Council will ensure it has adequate though not excessive cash resources, overdraft, or standby facilities to enable it at all times to have the level of funds available, which are necessary for the achievement of its service objectives.

### **4. Definitions**

- 4.1 Easily accessible accounts are classed as accounts which do not require more than 90 days' notice to access the funds.
- 4.2 Specified investments are those offering high security and high liquidity, made in sterling and maturation of no more than a year.
- 4.3 Non-specified investments: these investments have greater potential risk such as investments in the money market, stocks and shares.
- 4.4 Long-term investments, defined as greater than 24 months.

### **5. Investment Objectives**

- 5.1 To appropriately invest any amounts surplus to requirements.
- 5.2 To invest prudently to ensure the security of the principal sums.
- 5.3 To maintain liquidity in the portfolio.
- 5.4 To aim to maximise income from its investments whether specific or non-specific commensurate with the proper levels of security and liquidity.
- 5.5 In balancing risk against return, this Council is more concerned to avoid risks than to maximise returns.

### **6. Types of Investment:**

- 6.1 Specified Investments: For prudent management of its treasury balance, maintaining sufficient levels of security and liquidity, Fairfields Community Council will use:
- Deposits with banks, building societies, local authorities, or other public authorities.
  - Other recognised funds specifically targeted at the Public Sector.

- 6.2 Long-term treasury investments: Long-term treasury investments shall be defined as greater than two years. The Council will use the same criteria for assessing long-term investment as for short-term investments. Should the Council wish to invest for periods greater than two years, it must identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums before committing to such an investment.
- 6.3 Non-specified treasury investment: These investments have greater potential risk – examples include investment in money markets, stocks and shares. Given the unpredictability and uncertainties surrounding such investments, the Council **will not** usually use this type of investment.

## **7. Credit rating agency**

One of the following three companies:

- 7.1 Standard and Poor's.
- 7.2 Moody's Investors Service Ltd; and
- 7.3 Fitch Ratings Ltd

## **8. Implementation**

The Responsible Financial Officer shall require Full Council approval before entering into any short-term or long-term investment.

## **9. Review**

In accordance with Ministry of Housing, Communities and Local Government guidance, this document will be reviewed on an annual basis at the May Full Council meeting. Next review will be May 2025.