

## **PONTESBURY PARISH COUNCIL**

### **Investment Strategy** (draft for review and recommendation to full council)

#### **Introduction**

This policy is created under guidance issued by the Secretary of State for Communities and Local Government in accordance with the Local Government Act 2003 and as amended by the Levelling-up and Regeneration Act 2023. The statutory guidance must be followed where investments exceed £100,000.

#### **1. Purpose**

Pontesbury Parish Council will manage its investments prudently to ensure:

- the security of capital;
- the availability of funds to meet day-to-day and committed expenditure; and
- an appropriate return, having regard to risk and liquidity.

#### **2. General principles**

The Council will give priority to the security of capital and the availability of funds before yield. Any surplus funds not immediately required for operational purposes may be placed in suitable deposit accounts or approved pooled funds, subject to proper due diligence, Full Council approval, and regular review.

#### **3. Permitted investments**

The Council may invest in:

- instant-access deposit accounts;
- notice accounts;
- UK bank and building society deposits;
- regulated cash or money market funds suitable for local authority treasury management purposes.

The CCLA Public Sector Deposit Fund is approved as a pooled fund vehicle, provided that it remains suitable for the Council's requirements and is subject to ongoing monitoring by the Responsible Financial Officer and review by Full Council.

#### **4. Counterparty risk**

Counterparty risk is the risk that a bank, building society, fund manager or other financial institution with which the Council places money may fail to meet its obligations in full or on time, including the repayment of capital, interest or the availability of funds when required. The Council will manage this risk by placing funds only with regulated and reputable counterparties, limiting exposure to any one institution, retaining sufficient balances in readily accessible accounts for day-to-day commitments, and carrying out appropriate due diligence before placing surplus funds.

#### **5. Due diligence**

Before any investment is made, the Responsible Financial Officer shall provide the Council with a written report setting out:

- the amount to be invested;
- the intended period of investment;
- access and withdrawal arrangements;
- the expected return;
- fees and charges;
- the financial standing and suitability of the counterparty or fund;
- any restrictions, notice periods or risks; and
- whether the proposed investment is consistent with the Council's cash flow requirements.

## **6. Authorisation and control**

- All investment decisions shall be approved by Full Council.
- The Responsible Financial Officer shall oversee day-to-day monitoring and report to Council as necessary.
- All investment holdings shall be held in the name of Pontesbury Parish Council.
- Records of all investments shall be retained by the Responsible Financial Officer.
- Transfers between accounts shall be made in accordance with the Council's Financial Regulations and Banking Policy, including the requirement for appropriate signatory control.

## **7. Monitoring and review**

The Council shall review its investments at least annually, and more frequently where:

- market conditions change materially;
- there is a change in the financial standing of a counterparty;
- the Council's cash flow position changes; or
- the terms of a pooled fund are altered in a material way.

Any pooled fund, including the CCLA Public Sector Deposit Fund, shall remain under regular review to ensure it continues to meet the Council's needs for security, liquidity and prudent administration.

The Council shall have regard to the capacity, skills and culture of the officers and councillors taking investment decisions and ensure they have access to information to enable them to make informed decisions about investments and the time to monitor credit ratings over time.

## **8. Relationship with other policies**

This policy shall be read alongside the Council's Financial Regulations, Banking Policy (including electronic banking), Internal Controls Statement and Reserves Policy, and shall be applied consistently with those documents.

### **Adoption**

Adopted by Pontesbury Parish Council on: [insert date]

Minute reference: [insert minute reference]

Next review date: [insert date]