

Wisbech St Mary Parish Council

Chairman – Councillor Mark Knight MBE DL

INVESTMENT STRATEGY OCTOBER 2022

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10th October 2022
Minute Reference 15 (b)

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V.1.1	Initial creation	10/10/2022	SB
V.1.2	Amendment	13/03/2023	SB
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1. Introduction

Wisbech St Mary Parish Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

This Strategy has been produced with regard to Guidance issued by the Secretary of State for the Department for Communities and Local Government under Section 15(1) (a) of the Local Government Act 2003.

This guidance applies to parish councils and charter trustees, providing their total investments exceed or are expected to exceed £100,000 at any time during the financial year. Where a parish council or charter trustee expects its total investments to be between £10,000 and £100,000, it is encouraged to adopt the principles in this guidance.

2. Investment Objectives

The Parish Council's investment priorities are the security of reserves and liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. All investments will be made in sterling. The Department for Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Parish Council will not engage in such activity. Where external investment managers are used, they will be contractually required to comply with the Strategy.

3. Specified Investments

Specified Investments are those offering high security and high liquidity, made in sterling and which mature in no more than a year.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Wisbech St Mary Parish Council will use;

- Deposits with banks, building societies, local authorities or other public authorities.
- Other approved public sector investment funds.

The Parish Council current investment is with CCLA Public Sector Deposit Fund that allows instant access.

The PSDF will only invest in sterling denominated investments and deposits. The principal investments will comprise certificates of deposit, call accounts, and term deposits with banks and building societies. The PSDF may also invest in other securities such as commercial paper, floating rate notes and bonds which may be issued or guaranteed as to principal or interest by sovereign governments and their agencies, supranational entities, corporations and financial institutions.

The PSDF is a 'qualifying money market fund' which is classed as a "low volatility net asset value" (LVNAV) short term money market fund under the EU Money Market Funds Regulation as it applies in the UK from time to time and, as such, is subject to the investment and borrowing powers and restrictions applicable to such funds. The weighted average maturity of the PSDF's investments will not exceed 60 days. The weighted average life of the PSDF's investments will not exceed 120 days.

The PSDF will not invest in derivatives, collective investment schemes, eligible securitisations or

asset-backed commercial paper (ABCPs). Nor will it invest in assets which are not eligible assets for investment by a money market fund. Further, the PSDF will not undertake short-selling of money market instruments, securitisations, ABCPs or units or shares of other money market funds. The PSDF will not enter into repurchase agreements, securities lending agreements or securities borrowing agreements. Finally, the PSDF will not borrow cash. The PSDF is AAmmf rated by Fitch Ratings. Shareholders and potential shareholders should be aware that this rating was solicited and financed by the PSDF.

The maximum permitted level to be invested into the PSDF is £75,000.00

4. External Borrowing Strategy

The Parish Council acknowledges the importance of borrowing funds and the financial impact on the Council and the local community. The Council will agree borrowing for specific capital projects (as defined in section 16 of the 2003 Act), and gain approval for borrowing by sending an application to the National Association of Local Councils (NALC). All borrowings must be approved by full council.

The Parish Council will ensure the following criteria when considering requesting a borrowing approval:

- The borrowing should be only be used for the purpose of Capital expenditure as defined by Section 16 of the Local Government Act 2003.
- Any unallocated balances including, where appropriate capital receipts beyond those required for the prudent financial management of the council, should be used in the project for which the borrowing is required.
- The Parish Council should have a realistic budget for the servicing and repayment of the debt, taking into account the future effect on the council's precept and cash flow.
- The Council must not mortgage or charge any of its property as security for money borrowed.

The Parish Council will pursue the best possible terms when borrowing but will generally use the Public Works Loan Board (PWLB). The Parish Council considers that the fixed term rates offered by the PWLB are relatively inexpensive and that PWLB loans are most likely to offer stability for the financial planning of the council.

The Parish Council will determine the period of each loan which should not exceed the period for which the expenditure is forecast to provide benefit to the Council i.e., useful life of the asset.

5. Liquidity of Investments

The Clerk/Responsible Finance Officer in consultation with the Full Council will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the counter party.

6. Long Term Investments

Long term investments are defined in the Guidance as greater than 36 months. The Council does not currently hold any long-term investments.

No long-term investments are envisaged during the forthcoming financial year.

7. Governance and Risk

All investments will be made in the name of the Parish Council and with UK registered financial institutions registered with and regulated by the Financial Conduct Authority.

The Parish Council will monitor the yield on investments by having regard to the general financial, economic and political environment nationally.

All resolutions relating to investments will be noted in the minutes.

8. End of Year Investment Report

At the end of the financial year, the Clerk/Responsible Finance Officer will report on investment activity to the Council.

9. Review and Amendment of Regulations

The strategy will be reviewed annually and presented for approval at Full Council.

The Parish Council reserves the right to make variations to the Strategy at any time, subject to the approval of Full Council.

Any variations will be minuted and made available to the public.

10. Freedom of Information

In accordance with the Freedom of Information Act 2000, this Document will be posted on the Council's Website: www.wsmparishcouncil.org.uk