

**Brewood and Coven Parish Council
with Bishop's Wood and Coven Heath**

Annual Investment Strategy

Annual Investment Strategy as at 1 October 2015, reviewed 15 February 2018 (to be reviewed annually).

Introduction

Brewood and Coven Parish Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

This Strategy complies with the revised requirements set out by the Secretary of State for Communities and Local Government under section 15(1)(a) of the Local Government Act 2003, which came into effect in 2010.

Investment Objectives

In accordance with Section 15(1) of the 2003 Act, the Council will have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify.

Under section 12 of the Local Government Act 2003, the Parish Council has the power to invest.

The Council's investment priorities are: the **security** of reserves and the **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.

Monies can be invested in NS&I products as NS&I is part of the UK Treasury department.

The Department for Communities and Local Government maintains that borrowing of monies purely to invest or to lend and made a return, is unlawful and this Council will not engage in such activity.

Specified Investments (Recommended)

Specified Investments are those offering high security and high liquidity, made in sterling and maturing within 1 year. Such short term investments made with the UK Government or another local authority will automatically be deemed Specified Investments.

For the prudent management of its balances, maintaining sufficient levels of security and liquidity, the Parish Council may deposit with banks and building societies, as long as they have investment schemes with high credit quality, local authorities and other public authorities. NS&I products are considered specified investments.

The Parish Council will invest ring fenced monies in banks which satisfy the risk analysis as agreed by full Council. To satisfy this strategy, each bank must hold a UK banking licence. Consideration will be given to factors such as credit ratings issued by major Credit Rating Agencies, 'triple A' being the highest rating and tier one capital ratios, (under capital adequacy regulations meant to ensure that banks keep enough money on hand, tier one capital is core capital that is relatively transparent and secure; comprising equity capital and disclosed reserves).

A Credit Rating Agency is one of the following: Standard and Poor's; Moody's Investors Service Ltd; Fitch Ratings Ltd. Credit ratings will be monitored on a weekly basis.

The above strategy is based on advice received from SLCC National Financial Adviser Mr R Latham in July 2015.

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Liquidity of Investments

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

An investment should 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 counterparty.

Non-Specified Investments

These investments have greater potential risk – examples include investment in the money market, stocks and shares.

Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment at this time.

Should the Parish Council decide to consider non-specific investment, external independent financial advice must be sought.

Long Term Investments

Long term investments shall be defined as greater than 1 year. The Council will not use this type of investment.

Investment Approval

The Council shall consider and make investments, in accordance with the Annual Investment Strategy by resolution of full Council.

Investment Reports

At least twice yearly the Responsible Finance Officer will prepare a report on investment activity which will be presented to full Council.

Review and Amendment of Regulations

The strategy will be reviewed annually. The Annual Investment Strategy for the coming financial year will be prepared by the Clerk/Responsible Finance Officer in conjunction with the Finance Committee and presented for approval to full Council.

The Council does not employ in-house or externally any financial advisors but will rely on information which is publicly available.

The Council reserves the right to make variations to the Strategy at any time, subject to the approval of full Council. Any variations will be made available to the public.

Freedom of Information

In accordance with the Freedom of Information Act 2000, this document will be posted on the Parish Council website.