WORTH PARISH COUNCIL

INVESTMENT POLICY

INTRODUCTION
Worth Parish Council has a duty to invest public funds prudently and in accordance with proper practices. The Council must ensure that surplus funds are managed in a way that protects public money, supports effective financial planning and complies with statutory requirements.

This policy follows the statutory guidance on local government investments and the proper practices set out in the Small Authorities Proper Practices Panel (SAPP) Practitioners Guide.

PURPOSE
This investment policy has four main purposes

- To set out the Council's approach to the management of surplus funds
- To ensure compliance with proper practices and statutory guidance
- To support sound financial management, risk control and transparency
- To provide a clear framework for decision-making, delegation and oversight

PRINCIPLES OF PRUDENT INVESTMENT
The Council will follow the three statutory investment priorities[1] in order of importance:

1. **Security** – protecting the capital sum from loss
2. **Liquidity** – ensuring funds are available when required
3. **Yield** - achieving an appropriate return consistent with security and liquidity

SCOPE
This policy applies to all investments of surplus revenue or capital funds held by Worth parish Council. It does not apply to trust funds or pensions funds.

ROLES AND RESPONSIBILITIES

Full Council
- Approves the investment policy
- Approves non-specific investments

[1] Local Government Act 2003

- Receives annual investment reports

Finance and General Purposes Committee

- Monitors performance
- Recommends investment decisions to Council
- Reviews maturity dates and cashflow requirements

Responsible Finance Officer (RFO)

- Manages day-to-day treasury activity
- Maintains investment records
- Ensures compliance with this policy

TYPES OF INVESTMENT

The Council may wish to consider specified investments and non-specified investments for long term investments. Non-specified investments, such as investment in the money market, stocks and shares or peer to peer lending have greater potential risk than specified investments and therefore will be limited to 25% of the precept for that financial year in total per year. Non-specified investments will be agreed by full Council following recommendation by the Finance and General Purposes Committee.

Specified Investments (Low Risk) – Short term investments

These are the Council's preferred investment type.

Specified investments are those that:

- Are denoted in sterling
- Mature within 12 months
- Are made with bodies of high credit quality
- Carry minimal risk

Examples include UK banks and building societies, local authority deposits and UK Government securities.

Non-specified Investments (Higher Risk) – Long Term Investments

Non-specified investments include:

- Investments maturing over 12 months
- Money market funds
- Corporate bonds
- Shares
- Peer-to-peer lending

On acquisition, long term investments will be recorded in the cash book as expenditure in the year and also as an increase in assets and long-term investment until its maturity. At maturity the total proceeds will be recorded as income.

RISK MANAGEMENT
The Council will manage the following risks:

Credit risk – mitigated through approved counterparties and limits

Liquidity Risk – mitigated through cashflow forecasting and short-term deposits

Market Risk - mitigated by avoiding speculative products

Fraud Risk – mitigated through internal controls and dual authorisation

Reputational Risk – mitigated through ethical investment principles

To ensure diversification and reduce exposure:

- The maximum duration for specified investments will be 12 months
- Non-specified investments will be capped at 25% of the precept

ETHICAL INVESTMENT STATEMENT
The Council will not invest in organisations whose activities conflict with the Council's values, harm the environment, involve exploitation or harm human rights.

REPORTING AND TRANSPARENCY
An investment report will be presented to the Finance and General Purposes Committee quarterly and will be reviewed annually by full council. The report will be available on the Council website.

REVIEW OF THE POLICY
Subject to any new legislation, changes in Statute or case law which require immediate amendment; or the requirements of the Parish Council, this Policy will be reviewed every two years.

Adopted Jun 2017
Reviewed Sep 2019
Reviewed Oct 2021
Reviewed Oct 2023
Reviewed July 2026