

# CHOLSEY PARISH COUNCIL

## INVESTMENT POLICY

### **1. Introduction**

This Investment Policy is prepared in accordance with Section 12 of the Local Government Act 2003 and the Statutory Guidance on Local Government Investments (2018) issued by the Secretary of State. The Council recognises its duty of care to the community in the prudent management of public funds.

The purpose of this policy is to set out how the Council will manage its cash balances and investments to ensure security, liquidity, and appropriate yield.

### **2. Investment Objectives**

The Council's priorities are, in order of importance:

1. Security – protecting the capital value of funds and minimising risk.
2. Liquidity – ensuring that funds are available to meet the Council's cash flow needs.
3. Yield – achieving an appropriate return, commensurate with security and liquidity.

The Council will not undertake any investment that exposes public funds to undue risk.

### **3. Types of Investment**

All investments will be made in pounds sterling and placed only with UK-regulated financial institutions authorised by the Financial Conduct Authority and/or Prudential Regulation Authority.

Wherever possible, the Council will use institutions covered by the Financial Services Compensation Scheme (FSCS). The Council recognises that it is an eligible claimant under the FSCS and that deposits are protected up to £120,000 per authorised institution.

Where investments exceed the FSCS limit, the institution must hold a minimum long-term credit rating of A (or equivalent). Credit ratings will be monitored periodically.

### **4. Diversification and Counterparty Limits**

To reduce exposure to any single institution, the Council will seek to:

- maintain accounts with more than one UK-regulated institution;
- avoid holding more than £120,000 with any one institution unless credit-rated A or above;

- periodically review the security, liquidity and accessibility of all accounts and investments;
- ensure that where multiple brands operate under a single banking licence, the £120,000 limit applies to the combined total.

## **5. Time Horizons and Use of Reserves**

Funds not required for immediate expenditure (including general and earmarked reserves) may be placed in longer-term investments, provided that:

- the investment period does not exceed 12 months unless expressly approved by Full Council;
- the RFO has confirmed that cash flow requirements can be met;
- the investment aligns with the Council's financial plans and risk appetite.

## **6. Governance, Decision-Making and Reporting**

- All investment decisions must be approved by Full Council.
- The RFO is responsible for managing day-to-day banking arrangements and presenting investment options to the Finance Committee.
- The Finance Committee will review balances and investment opportunities at each meeting and make recommendations to Full Council.
- The RFO will report at least quarterly on investment performance, balances and compliance with this policy.
- All accounts and investments must operate with dual authorisation in accordance with the Council's Financial Regulations.

## **7. Ethical Considerations**

The Council will avoid investments that conflict with its values or could reasonably be regarded as inconsistent with its duties to the community.

## **8. Review of Policy**

This policy will be reviewed annually, or sooner if required due to changes in legislation, guidance or the Council's financial position.