

Investment Policy

New Waltham Parish Council

Ensuring Financial Security and Responsible Management

1. Introduction

The New Waltham Parish Council recognises the importance of prudent financial management and the stewardship of public funds. This Investment Policy outlines the principles, objectives, and guidelines for managing the Council's financial investments to ensure security, liquidity, and returns within its fiduciary responsibilities.

1.1. HM Government has issued statutory guidance on local government investments, under section

15(1)(a) of the Local Government Act 2003. Under that section, local authorities including parish

councils are required to 'have regard' to 'such guidance as the Secretary of State may issue'.

1.2. The guidance states that for each financial year, a local authority should prepare at least one

investment policy which should be approved by the full council and be made publicly available. The

term 'investment' covers all financial assets of a local authority as well as other non-financial assets

that the organisation holds primarily or partially to generate a profit.

1.3. The guidance is effective for financial years commencing on or after 1 April 2018. It applies to

parish councils whose investment of surplus funds exceed or are expected to exceed £100,000 at

any time during the financial year. Surplus funds are defined as funds not earmarked for specific

projects or budgeted funds for planned expenditure.

2. Policy Objectives

2.1 The primary objectives of this Investment Policy are:

- **Safety:** Protecting the capital invested by minimising exposure to risks.
- **Liquidity:** Ensuring that funds are readily available for use when required to meet Council obligations.
- **Yield:** Achieving a reasonable return on investments without compromising security or liquidity.
- **Compliance:** Adhering to all legal and regulatory requirements governing the investment of public funds.

3. Scope

3.1 This Investment Policy applies to all financial assets held by the New Waltham Parish Council, including reserves, surplus funds, and other cash balances. It governs investment activities within the framework of applicable laws, regulations, and best practices.

4. Investment Principles

Prudence

4.1 Investments shall be made via Council with judgment and care—under circumstances prevailing—that a person of prudence, discretion, and intelligence would exercise in managing their own affairs. Speculative investments shall be strictly avoided.

Diversification

4.2 The Council shall avoid concentration of investments in a single entity or financial instrument to minimise risk. The portfolio shall be sufficiently diversified to reduce exposure to sector-specific or institution-specific risks.

Ethical Considerations

4.3 The Council shall ensure investments align with its values and ethical guidelines. Investments in sectors such as arms manufacturing, tobacco, or other industries deemed inappropriate will not be pursued.

Regular Review

4.4 The Investment Policy shall be reviewed annually or as required by changes in regulations, financial conditions, or Council priorities.

5. Permitted Investments

5.1 The Council shall invest its funds in financial instruments and entities that meet the following criteria:

- Deposits with UK-based banks and building societies holding high credit ratings.
- Council management approved building societies
- Local Authority Property Funds approved for parish council investments.

6. Prohibited Investments

6.1 The Council will not engage in the following types of investments:

- Speculative financial instruments, such as derivatives.
- Investments in foreign currencies or institutions outside the UK.
- High-risk ventures, including unregulated funds or cryptocurrency.

6.2 The Parish Council will seek to protect surplus funds from loss by:

- Opening accounts only with institutions of high quality, making reference to relevant sources

of financial, economic and ratings information

- Having regard to industry deposit protection schemes such as the Financial Services Compensation Scheme
- Eliminating exchange risk by holding all balances in sterling
- Making regular checks to ensure compliance with the relevant limits.

Surplus funds are defined as those funds which have not been earmarked for specific projects or budgeted funds for planned expenditure.

7. Liquidity Management

7.1 The Council shall maintain adequate liquidity to meet its operational needs. Short-term investments will be prioritised when immediate access to funds is necessary, while long-term investments may be considered for surplus funds not required for immediate use.

7.2 The Parish Council will seek to ensure sufficient funds are readily available to meet its expenditure commitments by holding surplus funds in accounts:

- From which transfers can easily be made to the Parish Council's current account, e.g. managed via on-line banking;

- Which require no more than 95 days' notice to withdraw funds.
- Regular checks will be made to identify forthcoming payment requirements and to ensure appropriate funds are available.

8.Risk Management

Credit Risk

8.1 The Council shall only invest in institutions and funds with high credit ratings and robust financial standing. Regular credit reviews will be conducted to ensure compliance.

Market Risk

8.2 The Council shall monitor market conditions and economic trends to anticipate potential impacts on investment performance. Diversification will be employed to mitigate market risks.

Operational Risk

8.3 The Council shall establish internal controls to safeguard against losses resulting from errors, fraud, or mismanagement.

9.Performance Monitoring

9.1 The Council shall assess its investment portfolio's performance regularly.

10.Capacity, Skills & Culture

10.1 The Parish Council commits to ensuring that members and staff involved in decisions relating to and management of investments have the relevant capacity, skills and information to make informed decisions as to whether to enter into a specific investment, to evaluate individual investments in the context of strategic objectives and to understand the impact of decisions on the overall risk exposure of the Parish Council.

10.2 The Parish Council will meet its commitment by providing training, using external advisers and reporting and communicating through appropriate communication channels.

11. Policy Adoption and Review

11.1 This Investment Policy shall be formally adopted by the New Waltham Parish Council. It shall be reviewed annually, or more frequently if circumstances require, to ensure its continued relevance and effectiveness.

6. Transparency and Democratic Accountability

6.1 This Investment Policy shall be reviewed regularly and presented for approval to Full Council.

6.2 Proposals for any material changes during the year will be presented to Full Council for approval.

6.3 This Investment Policy and subsequent updates will be published on the Parish Council Website.

13. Conclusion

13.1 The New Waltham Parish Council is committed to safeguarding public funds and ensuring their effective use through prudent investment practices. This Policy establishes a framework for responsible financial management that aligns with the Council's values and objectives, while recognising the dynamic nature of local government funding and investment opportunities.

To be presented to Council: 2 July 2025

Adopted: