

PORLOCK PARISH COUNCIL INVESTMENTS POLICY



1. INTRODUCTION

- 1.1 This policy is created under guidance issued by the Secretary of State for Communities and Local Government in accordance with the Local Government Act 2003. The extant guidance was issued by Department for Communities and Local Government (DCLG) in 2010.
- 1.2 Porlock Parish Council acknowledges its responsibility to the community and the importance of prudently investing any reserves held by the council.
- 1.3 This policy relates to any funds not including Council's operating reserves (currently set at £100,000). The operating reserves shall be held in highly rated UK bank and building society deposit accounts in pounds sterling, where the combined total of deposits in any one bank shall not exceed the sums protected under the Financial Services Compensation Scheme (currently £85,000).

2. OBJECTIVES

- 2.1 The general policy objective of the Council is prudent investment of its balances. The Council's investment priorities are:
- (i) Security and liquidity of investments
 - and then
 - (ii) Support the principles behind Council's environmental policies
- 2.2 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

3. INVESTMENT CRITERIA

- 3.1 Porlock Parish Council shall diversify its reserves between multiple investments in products managed by relatively highly rated UK banks and building societies and Treasury Stock Gilts. The Council shall carefully consider DCLG guidance when making its investment decisions.
- 3.2 A significant percentage of the Council's bulked reserves shall be placed on interest bearing term/notice deposits.
- 3.3 The combined total of deposits and investments in any one bank shall not exceed the sums protected under the Financial Services Compensation Scheme (currently £85,000).
- 3.4 To retain liquidity, investments shall be placed with phased end dates i.e. there will always be some maturing sooner than others.
- 3.5 Excluding Investments in Treasury Stock Gilts, no one Investment shall be for a period longer than 12 months, and will always be in pounds sterling.
- 3.6 No investment shall be held with the council's current bankers.

3.7 Other than Treasury Stock Gilts, the Council shall only invest with UK banks and building societies which it defines as "High Credit Quality". These being, whenever possible, those with a credit rating of A or at a minimum, BBB, and also meeting Council's objectives in Clause 2. (Ratings as defined by Moody's Investors Service, Standard and Poor's or Fitch Ratings Ltd.).

The Council will not participate in investments having a greater potential risk, such as stocks and shares, which are considered not to offer the level of security required.

3.8 Investments shall be researched by the Responsible Financial Officer having used due diligence including as a minimum finance search engines and ratings agencies. The RFO will then advise Council's Finance & HR committee which is responsible for Council's finances who shall make a decision on where to invest, how much and for how long.

a. This shall be under the oversight of the Finance & HR Committee

b. The actual movement of money shall be by the usual authorised signatories

3.9 The procedure for undertaking investments, considering the need for timely and speedy placing of deals shall be documented by the Responsible Financial Officer and recommended to the Finance & HR Committee for decision before any investments are placed.

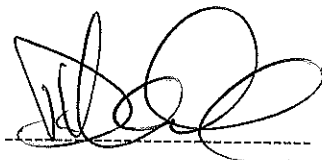
3.10 The Responsible Financial Officer shall review credit ratings of organisations in which the Council holds investments on a quarterly basis. Should the credit rating of an organisation fall below that specified under 3.6, the Responsible Financial Officer shall consult the Finance & HR Committee and take the appropriate action.

3.11 All investments other than those invested in Treasury Stock Gilts shall be reviewed in the event that the Bank of England base rate changes by 3% or more in either direction, compared to the time at which the investments were placed.

4. REVISION OF POLICY

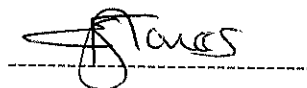
4.1 Any revisions to this policy shall be approved by the Council.

4.2 The Finance & HR Committee shall review this policy annually and recommend any proposed changes to Full Council prior to the commencement of the new financial year. Where no changes are proposed, Council shall note the policy.



Duncan McCanlis
Chair

Dated: 15th January 2025



Johnathan Jones
Clerk & Responsible Financial Officer