



INVESTMENT STRATEGY AND POLICY

Introduction

Illogan Parish Council acknowledges the importance of prudently investing and protecting funds held.

This strategy has been prepared in accordance with the Guidance on Local Government Investments ('the Guidance'), issued under section 15(1) of the Local Government Act 2003, effective from 1st April 2018.

The Guidance applies to parish councils, providing their total investments exceed or are expected to exceed £100,000 at any time during the financial year. Where a parish council expects its total investments to be between £10,000 and £100,000, it is encouraged to adopt the principles in the Guidance.

Illogan Parish Council expects its investments during the 2024/2025 financial year to exceed £100,000 and has therefore agreed to the Guidance as set out below.

In The Guidance the definition of an investment covers all the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit.

Illogan Parish Council does not hold any financial assets primarily or partially to generate a profit.

Investment Objectives

Investments made by local authorities can be classified into one of two main categories:

- Investments held for treasury management purposes; and
- Other investments.

Treasury management is: 'The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

In 2024/2025 the Council's investments will only be held for treasury management purposes.

The Council's investment priorities are:

1. Security – protecting the capital sum invested from loss; and
2. Liquidity – ensuring the funds invested are available for expenditure when needed.



Illogan Parish Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity being maintained.

All investments will be made in pounds sterling and, as a minimum, funds above the level of compensation in the Financial Services Compensation Scheme (FSCS) will be aggregated in an interest-bearing account.

The Government maintains that the borrowing of monies purely to invest, or to lend and make a return is unlawful. Illogan Parish Council will not engage in such activity.

Security of Investments

Financial investments can fall into one of three categories:

- Specified Investments.
- Loans; and
- Other non-specified investments.

An investment is specified if all the following apply:

- The investment is denominated in pound sterling and any payments or repayments in the respect of the investment are payable only in pound sterling.
- The investment is not a long-term investment. This means that the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option.
- The making of the investment is not identified as capital expenditure by virtue of Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended].
- The investment is made with a body or in an investment scheme described as high quality or with one of the following bodies:
 - i. The United Kingdom Government.
 - ii. A local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland; or
 - iii. A parish council or community council.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:

- UK banks and UK building societies.



- Public bodies (including the UK government and local authorities).
- UK Financial Conduct Authority (FCA) regulated qualifying money market funds with a triple A rating.

Risk Assessment

Illogan Parish Council's balance in the current account is not above the compensation limit of the Financial Services Compensation Scheme to mitigate the risk of losses.

The Council only invests with the CCLA Public Sector Deposit Fund. The Public Sector Deposit Fund is classed as a short-term investment of cash or cash equivalent.

The Council's Finance and Resources Committee monitors the risk of loss on investments by reference to credit ratings. The Council aims for ratings equivalent to the Fitch rating A (low default risk). The Council also has regard to the general economic and political environment in which institutions operate.

The investment position is reviewed monthly by the Responsible Financial Officer (RFO) and reported to the Full Council as part of the monthly financial report.

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

The risk assessment for 2024/2025 is shown in Appendix A.

Use of Investment Managers

If external investment managers are used, they will be contractually required to comply with this strategy.

Investment Approval

The Finance and Resources Committee have the delegated authority to consider and recommend any short-term investments, in accordance with this Investment Strategy, subject to the final approval of the investment provider by the Full Council. All resolutions relating to investments will be noted in the minutes of meetings.

Investment Reports

The Responsible Financial Officer (RFO) includes a report on investment activity in the monthly financial report for Full Council.

The Guidance requires councils to develop quantitative indicators to assess the councils risk exposure resulting from its investment decisions. The Finance and Resources Committee will agree the quantitative indicator template. The Responsible Financial Officer (RFO) will use the agreed template to provide a quarterly report to Full Council on the Council's risk exposure resulting from its investment decisions.



Review and Amendment of Regulations

The Investment Strategy will be reviewed annually.

The annual strategy for the coming financial year will be prepared by the Responsible Financial Officer in February, reviewed by the Governance Review Committee, approved by the Full Council, and implemented by the Finance and Resources Committee and Full Council.

Transparency

This Strategy will be uploaded to Illogan Parish Council's website and available in hard copy on request from the Council Office.

Account Management Arrangements

This section sets out the minimum and maximum balances to be held across the Council's accounts during the 2024/2025 financial year.

The Responsible Financial Officer (RFO) is responsible for maintaining balances within the parameters shown and for reporting each month to Full Council in the financial report.

As large deposits, such as the precept or Community Infrastructure Levy (CIL) occur, the Responsible Financial Officer (RFO), will make arrangements for funds to be transferred between accounts as soon as practicable, any delay in the transfer of funds will be reported in the monthly financial report.

Account Balances

The minimum and maximum investments are based either upon the limits in place on individual accounts, or at levels required for day-to-day management purposes.

| Account Name | Minimum Balance | Maximum Balance |
|---------------------------------|-----------------|---------------------------|
| Unity Trust Current Account | £15,000.00 | £85,000.00 |
| CCLA Public Sector Deposit Fund | £25,000.00* | £1000,000.00 (£1 million) |

* Minimum investment level

If combined balances are expected to exceed £1 million in the year, the Responsible Financial Officer will review the Council's risk levels, investigate other investment options and call a meeting of the Finance and Resources Committee to discuss and agree a recommendation for the approval of Full Council as soon as possible.

| Review Date: | Reviewed By: | Amendments | Minute No: |
|--------------|--------------|------------|------------|
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Appendix A

Risk Assessment 2024/2025

Fitch Credit Agency Ratings

| Financial Organisation | Rating | As at |
|---------------------------------|--------|------------|
| Unity Trust Bank | | |
| CCLA Public Sector Deposit Fund | AAAmmf | 06.02.2023 |

Financial Services Compensation Scheme (FSCS)

The first £85,000.00 of investment in each financial institution will be compensated if a bank or building society fails. Where multiple accounts are held with a bank that are part of the same banking group they are treated as one bank.

The CCLA Public Sector Deposit Fund is not covered by the Financial Services Compensation Scheme.

Risk of Failure

The risk of failure of any of the financial institutions used by Illogan Parish Council is low. The UK Government is unlikely to allow a major high street provider to fail as evidenced by the Financial Crisis of 2007/2008.

Negative Returns

The Bank of England has indicated that there is no plan for a reduction in interest rates and interest rates are unlikely to increase in 2024/2025.

Quantitative Indicators to Assess the Council's Risk Exposure from Investments

The Quantitative Indicators to assess the Council's risk exposure from investments are included in the Risk Register please consult that document for further information.