



INVESTMENT POLICY

Drayton Parish Council

Version 1.1

Approval Date:	August 2025	Approval Route:	Council
Next Review Date:	+4 years	Document Holder:	Finance & General Purposes Committee

Document Change History

This is version 1.1 of the Investment Policy and it is the responsibility of the Parish Clerk to ensure that new versions are communicated to Council and made available per the adopted Publication Scheme.

It is the responsibility of the reader to familiarise themselves with this version of the document.

This document is subject to revision and is maintained electronically. Electronic copies are version controlled and printed copies are not subject to this control.

Summary of Changes

Version 1.1 July 2025	
Ref.	Change
Policy Name	Change from Investment of Surplus Funds Policy to Investment Policy.
Format	New policy template utilised including Cover Page, Document Change History, Scope, Principles and Responsibilities.

Purpose

Drayton Parish Council acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty.

The aim of the policy is to establish principles, strategy and reporting arrangements for the effective management and control of the Council's treasury management and should be read in conjunction with the Council's Financial Regulations.

In preparing its investment policy the Council is required under Section 15(1)(a) of the Local Government Act 2003 to have regard to the following guidance: -

- Statutory Guidance on Local Government Investments (3rd Edition) effective for financial years commencing on or after 1 April 2018
- Governance and Accountability for Smaller Authorities in England Practitioners Guide published by the Smaller Authorities Proper Practices Panel

Parish Councils have the power to invest surplus funds and the Local Government Act 2003 states that a local authority may invest:

- For any purpose relevant to its functions under any enactment
- For the purpose of prudent management of its financial affairs

Scope

This policy applies to all financial assets of Drayton Parish Council.

Principles

The Parish Council aims to invest its reserves in order to maintain the value of these funds in real terms, to support future service delivery.

The Council will consider investments in line with the following principles:

- **Security & Liquidity:** The Council will prioritise the protection of the investment sum from loss of value and to minimise risk and how quickly the invested funds can be drawn down if required.
- **Return:** Once security and liquidity have been determined, the Council can reasonably consider suitable investments to achieve the optimum return on its investments.
- The Council will distribute funds between a number of organisations up to £85,000, to minimise any loss in the event of failure of a single institution.
- All investments will be made in the name of the Parish Council and be deposited in Sterling including any repayments or payments.
- The Council will not engage in borrowing of monies purely to invest, or to lend and make a return

Responsibilities

The Council is responsible for:

- ✓ Approving the Investment policy.

- ✓ Agreeing investments with new institutions including length of the deposit is a matter reserved for Council.
- ✓ Agreeing any course of action required to safeguard its investments.

The *Policy Holder* is responsible for:

- ✓ The review of this policy and supporting procedures and recommendations to Council for amendment.
- ✓ Monitoring and maintaining overall compliance with this policy.
- ✓ Routinely considering the spread of its investments across financial institutions and making recommendations to Council to minimise risk and to protect funds.

The *Responsible Financial Officer* is responsible for:

- ✓ The Parish Clerk, as Responsible Financial Officer is authorised to deal with administrative matters and give instructions on behalf of the Parish Council as necessary to protect the Council's investments.
- ✓ Bringing to the Council's attention any matters which may affect the security of the Parish Council's investments.

The *Councillors* are responsible for:

- ✓ Familiarising themselves with this policy and any supporting documents.

Investment Strategy

1. Short Term Investments

Short term investments, which mainly include deposit and savings accounts typically provided by banks, are those that display the following characteristics: .

- a. Are denominated in pounds sterling
- b. Be realisable at full value on demand or have a maturity end date of not more than 12 months
- c. The whole of the original sum invested can, from the time that the investment is made, be accessed for use by the authority without any reduction

For the prudent management of its cash balances whilst maintaining sufficient levels of security and liquidity, the Council will use deposits with:

- UK banks,
- UK building societies,
- Licenced Deposit Takers (licensed by the Bank of England as the Prudential Regulation Authority),
- UK local authorities or other UK public authorities
- The debt management agency of HM Government

2. Long-term Investments

A long-term investment arises where an authority invests money in anything other than a short-term investment. Should the Council wish to pursue long-term investments, it must

identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums.

It is not the policy of the Council to have any long-term investments. Funds are accumulated to cover anticipated asset replacement costs and to provide for envisaged projects and may be required at short notice.

The Council does not currently hold any funds in long-term investments.

3. Non-specified Investments

These investments have greater potential risk with examples including investment in the money market, stocks and shares.

Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.

4. Access to Investments

The maximum period for which funds may prudently be committed so as not to compromise availability using the appropriate cash flow projection will be recommended by the Chairman of the Finance & General Purposes Committee in consultation with the Responsible Finance Officer and reported at the next meeting of the Council or Committee, whichever is first. The final decision will be made by the Council. The Council is ultimately responsible for its investments.