Kings Cliffe Parish Council - Investment Policy (2025)

1. Introduction

Kings Cliffe Parish Council (the "Council") acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty. In preparing its investment policy the Council is required under Section 15(1) of the Local Government Act 2003 to have regard to the revised requirements set out in MHCLG Guidance on Local Government Investments and guidance within Governance and Accountability for Local Council's Practitioner's Guide.

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

The Council defines its treasury management activities as "the management of the Council's cash flows, its banking transactions, the effective control of the risks associated with those activities and the pursuit of best value performance consistent with those risks".

2. Investment Objectives

The Council's investment priorities are the security of reserves and liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. All investments will be made in Sterling. MHCLG maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and the Council may not engage in such activity

3. Short Term Investments

Short term investments are those offering high security and high availability, made in sterling and maturing within two (2) years. For the prudent management of its treasury 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.

4. Non-specified Investments

These investments have greater potential risk - examples include 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.

5. Long-term Investments

Long term investments shall be defined as greater than two (2) years. The Council will use the same criteria for assessing long term investment as for Short Term investments and will also require that, should the Council wish to invest for periods greater than two (2) years, 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 hold any funds in long term investments

6. Access to Investments

The maximum periods for which funds may be prudently be committed so as not to compromise availability using the appropriate cash flow projection will be made by the Full Council as the Council is ultimately responsible for its investments. Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the counterparty.

7. Review and Amendment of the Policy

The policy shall be reviewed annually by the Council. The Council does not employ in-house or external financial advisors but will rely on information which is publicly available. The Council reserves the right to make variations to the Policy at any time, subject to the approval of the full Council. Any variations will be made available to the public.

8. Freedom of Information

In accordance with the Freedom of Information Act 2000, this document will be published on the Council's website and a hard copy will be available from the Parish Office.

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