West Horsley
Parish Council

INVESTMENT POLICY

1. **INTRODUCTION**
   a. The Local Government Act 2003 Section 12 provides a local authority with the power to invest:
      i. For any purpose relevant to its functions under any enactment; or
      ii. For the purpose of the prudent management of its financial affairs

   b. Section 15(1) of the Act requires a local authority to have regard to guidance issued by the Secretary of State.

   c. The council acknowledges its duty of care to the community regarding the prudent investment of funds.

2. **OBJECTIVES**
   a. The council's priorities are, in the following ranking order:
      i. The security of capital to minimise the risk of losses
      ii. The liquidity of investments to meet the cash flow needs of the council
      iii. Maximising income within the framework of the national economic situation

   b. The council will aim to achieve a high rate of return on investments commensurate with adequate safeguards of security and liquidity.

3. **INVESTMENTS**
   a. All investments and deposits will be in pounds sterling (£) and placed with UK registered financial institutions. Wherever possible, these institutions will be included in the Financial Services Compensation Scheme (FSCS).

   b. Where appropriate to do so, and to benefit from a higher rate of interest, an instant access deposit account may be used for any surplus funds needed for current expenditure. A daily 'feed' or 'sweep' facility may be set up between the instant access account and the council's primary current account.

   c. Funds not needed for current expenditure (i.e., general or earmarked reserves) may be placed on longer term investments, taking into account the cash flow requirements of the council and the financial projections of the council's business plan.

   d. The council will keep under review its position in relation to whether it qualifies for protection under the Financial Services Compensation Scheme (FSCS) and consider spreading the financial risk by placing investments with a number of different financial institutions to remain below the relevant qualifying FSCS threshold at the time.

   e. If the financial institution chosen to invest with is not covered by the FSCS compensation guarantee, the credit rating of the institution will be a minimum of 'A', and these will be monitored regularly.

Reviewed and adopted: 16th January 2024
Next review date: January 2026