

WARBOYS PARISH COUNCIL

INVESTMENT STRATEGY

1. Introduction

- 1.1 This Strategy has been produced in accordance with Guidance issued by the Secretary of State under Section 15(1)(a) of the Local Government Act 2003. It should be read in conjunction with Section 2 of the Council's Financial Regulations.

2. Objectives

- 2.1 The general policy objective is that Warboys Parish Council will invest prudently any surplus funds it holds on behalf of the community. Priority will be given to the security and liquidity of its reserves.
- 2.2 The Parish Council will seek the highest rate of return, consistent with the proper levels of security and liquidity.

3. Specified Investments

- 3.1 The Parish Council will invest its reserves in Specified Investments which are defined by the Guidance as investments that are
- denominated in sterling and any payments or repayments in respect of the investments are payable only in sterling
 - that have a period to maturity of no more than 12 months
 - not defined as capital expenditure (essentially this precludes investment in share or loan capital of any corporate body)
 - made with a body or in an investment scheme which has been awarded a high credit quality (see below) or is made with the UK Government or a Local Authority.
- 3.2 The Parish Council will only invest in Specified Investments as defined above.
- 3.3 For the avoidance of doubt, the Parish Council will invest balances which are surplus for up to twelve months in short term deposits with one or more of the UK Government, UK banks and/or building societies or other local authorities, provided that the credit rating of such institution satisfies the minimum credit ratings specified below.
- 3.4 Decisions on investments within this strategy will be made by the Council.

4. Acceptable Level of Credit Ratings

- 4.1 The required level of Credit Rating for UK Banks and Building Societies is 'A' or above from Standard and Poor's or Moody's Investors Service Ltd or Fitch Ratings Ltd or the bank is registered with the Financial Services Authority and the Parish Council is otherwise satisfied as to its levels of capital and liquidity.

5. Treasury Management

5.1 The Council does not use external advisers to offer information, advice or assistance relating to investments, nor does it regard there as being a need for its staff to be trained in investment management given the nature of its investments.

6. Investment of Money Borrowed in Advance of Need

In the event of money being borrowed in advance of need, it will be invested in specified investments in accordance with this strategy.

7. Loans

7.1 The Council has no plans to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth. In the event of this situation changing, the strategy will be reviewed and amended accordingly by the Council.

8. Non-Financial Investments

8.1 The Council has no plans to make non-financial investments in assets primarily or partially to generate a profit. In the event of this situation changing, the strategy will be reviewed and amended accordingly by the Council

9. Capacity, Skills and Culture

9.1 The Council only invests its reserves with financial institutions where it is satisfied as to the security and liquidity of its investments. It is not therefore considered necessary for either Members or officers to undertake specific training.

10. Use of Indicators

10.1 The statutory guidance requires each authority to develop quantitative indicators that allow Members and the public to assess an authority's total risk exposure as a result of its investment decisions. The following indicators are recommended for use in the guidance but most are not applicable in the case of the Council's investments.

Debt to net service expenditure (NSE) ratio	<i>Gross debt as a percentage of net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority</i>	Not applicable
Commercial income to NSE ratio	<i>Dependence on non-fees and charges income to deliver core services. Fees and charges should be netted off gross service expenditure to calculate NSE</i>	Not applicable

Investment cover ratio	<i>The total net income from property investments, compared to interest expense</i>	Not applicable
Loan to value ratio	<i>The amount of debt compared to the total asset value</i>	Not applicable
Target income returns	<i>Net revenue income compared to equity. This is a measure of achievement of the portfolio of properties</i>	Not applicable
Benchmarking of returns	<i>As a measure of other investments and against other councils' property portfolios</i>	Not applicable
Gross and net income	<i>The income received from the investment portfolio at a gross level and net level (less costs) over time</i>	Approximately £18,000 per annum
Operating costs	<i>The trend in operating costs of the non-financial investment portfolio over time, as the portfolio of non-financial investment expands</i>	Not applicable
Vacancy levels and tenant exposures for non-financial investments	<i>Monitoring vacancy levels (voids) ensure the property portfolio is being managed (including marketing and tenant relations) to ensure the portfolio is productive as possible</i>	Not applicable