Kennington Parish Council

Annual Investment Strategy 2023/24
Agreed and adopted on 13 July 2023 (minute no: 128.23)
Reviewed on 11 July 2024 (minute no: 152.24)
Reviewed on 10 July 2025 (minute no 158.25)

1. INTRODUCTION

Kennington Parish Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

This strategy has been prepared in accordance with the Guidance on Local Government Investments (3rd Edition), issued under section 15(1)(a) of the Local Government Act 2003, effective from 1 April 2018.

2. INVESTMENT OBJECTIVES

The council's investment priorities are:

i. The security of its reserves
ii. The liquidity of its investments
iii. Return

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 and as a minimum, surplus funds will be aggregated in an interest-bearing bank account.
The Department of Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this council will not engage in such activity.

3. SECURITY AND INVESTMENTS

Government guidance differentiates between specified investments and non-specified investments.

3.1 SPECIFIED INVESTMENTS are those offering high security and high liquidity with a maturity of no more than one year. In addition, short-term sterling investments must be with bodies/institutions with 'high credit ratings'. 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 Local Authorities and Police Authorities)
- UK FCA regulated qualifying money market funds with a triple A rating

3.2 NON-SPECIFIED INVESTMENTS

Non-specified investments are usually for longer periods (ie. More than 1 year) and with bodies that are not highly credit rated. No non-specified investments are included in the Investment Strategy for this council as these investments are not acceptable due to their high potential risk.

4. LIQUIDITY OF INVESTMENTS

The Responsible Finance Officer (RFO) in consultation with the Finance Committee of Kennington Parish Council will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

5. LONG TERM INVESTMENTS

Long term investments shall be defined as greater than 1 year. The council will use the same criteria for assessing long term investment as identified above for specified investments.

6. RISK ASSESSMENT

- The council will only invest in institutions of 'high credit quality' as set out in section 3.1 of this strategy. Investments will be spread over different providers where appropriate to minimise risk.
- The council will monitor the risk of loss on investments by reference to credit ratings. The council should aim for ratings equivalent to the Fitch F1 rating for short-term investments or Fitch-A for long term investments. The council will also have regard for the general economic and political environment in which institutions operate.

7. USE OF INVESTMENT MANAGERS

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

8. INVESTMENT APPROVAL

The Finance Committee has the delegated authority to consider and make any short-term investments (maximum of 12 months), in accordance with the Annual Investment Strategy.
All resolutions relating to investments will be noted in the minutes of the Finance Committee meetings that are circulated to all councillors.

9. INVESTMENT REPORTS

The RFO will prepare a report on investment activity for each Finance Committee meeting. The report will be circulated to all councillors with the agenda and papers for the Finance Committee meeting.

10.REVIEW AND AMENDMENT OF REGULATIONS

The Investment Strategy will be reviewed annually. The Annual Strategy for the coming financial year will be prepared and reviewed by the Finance Committee which will then make a recommendation to full council.
The council reserves the right to make variations to the Strategy at any time, subject to the approval of full council. Any variations will be made available to the public.

11.FREEDOM OF INFORMATION

In accordance with the Freedom of Information Act 2000, this document will be posted on the parish website and a hard copy will be available from the parish Clerk.