

## WITHYHAM PARISH COUNCIL

### BORROWING & INVESTMENT STRATEGY

**Responsibility:** F&A/Full Council

**Review Cycle:** 3 yearly, or earlier in the event of legislative changes/negative interest rates

Date of Adoption/Renewal	Date for review
February 2022	February 2025

#### INTRODUCTION

Should the Parish Council need a loan from the Public Works Board or wish to place an investment of its monies, the terms shall be negotiated by the Responsible Financial Officer in the name of the Council and shall be for a set period of time, in accordance with resolution from Full Council.

This policy sets out the financial management procedures for the monitoring of the cash flow and banking arrangements of Withyham Parish Council.

Authority reference is to the Council's Financial Regulations. The Local Government Act 2003 Section 12 provides the power to invest in the following circumstances - a. for any purpose relevant to its functions under any enactment; or b. for the purpose of the prudent management of its financial affairs. Section 15(1) of the Act requires a local authority to have regard to guidance issued by the Secretary of State.

Changes to loans and investments should be reported to the Full Council at the earliest opportunity.

#### Investments

This investment strategy assists Council with deciding where to invest funds and to confirm what level of risk the Council would be prepared to undertake. It is as follows:

- Only use 'A' Rated high street banks or building societies registered in the United Kingdom
- The timeframe for any investment should be for less than 12 months\*
- No more than £85,000 should be invested in any one bank in order to be within the FSA insurance scheme (The FSA Compensation Scheme limit is currently £85,000).
- All investments, deposits and interest will be in pound sterling (£)
- Finance and Administration Committee to have delegated decision-making powers to agree the investment of funds
- All investments and money under the control of the Full Council shall be in the name of Withyham Parish Council, and documents retained in the custody of the Responsible Financial Officer.

*\*Investments of more than 12 months must be shown as an investment on the fixed assets and investment register and could put the Council in a different audit regime*

## **Borrowing**

All borrowings shall be taken out in the name of Withyham Parish Council.

Any formal decision to apply for and to exercise a borrowing approval must be made by Full Council.

The Council may borrow funds but will require the formal written approval of the Secretary of State.

The Council must contact East Sussex Associations of Local Councils (ESALC) to discuss the proposal and to obtain the Application Form for the Approval.

Borrowing must be for a specific, generally capital expenditure, purpose detailed on the application form and in a report to council.

Whilst the loan may be taken from any source, the Public Works Loan Board (PWLB) is preferred. Irrespective of the source, an Approval is required and no mortgage or charge on property is allowed.