

# West Coker Parish Council Investment Policy

## 1. Introduction

West Coker Parish Council (WCPC) is committed to ensuring that its longer-term reserves (on reserve for over a year) are managed effectively to achieve the best possible return while maintaining a high level of security. This policy outlines the Council's approach to investing its reserves to maximize interest returns over a period of up to twelve months.

## 2. Objectives

The primary objectives of this Investment Policy are:

- To ensure the security of the principal amounts invested.
- To maintain liquidity to meet the Council's operational needs.
- To achieve a high level of return on investments within the constraints of security and liquidity.

## 3. Scope

This policy applies to all investments made by West Coker Parish Council. It covers investments held for a period of up to twelve months.

## 4. Investment Principles

### 4.1 Security

The Council will ensure the security of its investments by:

- Investing only in institutions with high credit ratings.
- Diversifying investments across various institutions to mitigate risk (where possible remain below £85,000 in line with the Financial Institution Compensatory Scheme).

### 4.2 Liquidity

The Council will:

- Ensure that sufficient funds are available to meet the Council's ongoing operational needs.
- Stagger the maturity dates of investments to manage liquidity effectively.

### 4.3 Yield

The Council aims to achieve the best possible return on its investments while adhering to the principles of security and liquidity.

## **5. Investment Strategy**

### **5.1 Approved Investment Instruments**

The Council will invest in the following instruments:

- Fixed-term deposits with banks and building societies with a minimum credit rating of A (or equivalent).
- Treasury Bills and Government Bonds.
- Local authority bonds and other high-security instruments.
- Diversified investment funds with a track record of stable returns and high security.

### **5.2 Investment Limits**

To manage risk, the following limits will apply:

- Aim to invest no more than £85,000 in any single institution (with an absolute upper maximum of £100,000).

### **5.3 Credit Rating**

The Council will use independent credit rating agencies to determine the credit ratings of investment instruments. Only those with a minimum rating of A (or equivalent) will be considered.

### **5.4 Regular Review**

The Council will review the credit ratings of all investment instruments regularly and take appropriate action if ratings fall below the approved levels.

## **6. Governance and Reporting**

### **6.1 Responsibility**

The Responsible Financial Officer (RFO) is responsible for implementing this Investment Policy and managing the Council's investments.

### **6.2 Reporting**

The RFO will provide a quarterly report to the Council detailing:

- The performance of investments.
- Compliance with this Investment Policy.
- Any recommended changes to the investment strategy.

### **6.3 Review of Policy**

This Investment Policy will be reviewed annually by the Council to ensure its continued relevance and effectiveness.

## **7. Ethical Considerations**

The Council is committed to responsible investing and will avoid investments in institutions or funds that:

- Have a significant exposure to activities harmful to society or the environment.
- Do not meet the Council's ethical standards.

## **8. Conclusion**

West Coker Parish Council is dedicated to managing its reserves prudently and effectively. By adhering to this Investment Policy, the Council aims to maximize interest returns while ensuring the security and liquidity of its investments.

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Reviewed by West Coker Parish Council on 7<sup>th</sup> of May 2026

Signed:

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Chair, West Coker Parish Council

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Responsible Financial Officer

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This draft policy ensures a structured and responsible approach to managing the Council's reserves, balancing the need for security, liquidity, and yield.