



**GREAT
SANKEY**
PARISH
COUNCIL

Investment and Borrowing Policy

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Parish Office
Whittle Hall Community Centre
Lonsdale Close
Great Sankey
Warrington
WA5 3UA

www.greatsankeypc.org.uk
enquiries@gs-pc.net
01925 712279

1. Introduction

This policy has been produced in accordance with the guidance issued by the Secretary of State for the Department for Communities and Local Government under Section 15(1) (a) of the Local Government Act 2003.

2. Investment Priorities

The Parish Council's investment priorities are

- the security of reserves, i.e. protecting the capital sum invested, and
- liquidity of its investments, i.e. ensuring the funds invested are available for expenditure when needed.

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.

The Department for Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and Great Sankey Parish Council will not engage in such activity.

Where external investment managers are used, they will be contractually required to comply with the Strategy.

3. Specified Investments

Specified investments are those which offer high security and high liquidity. Great Sankey Parish Council may consider such investments for the prudent management of its financial balances.

The Financial Services Compensation Scheme (FSCS) does not protect deposits made by public authorities with an annual budget of over EUR500,000 (around £430,950 using the required 3 July 2023 exchange rate). In light of this, the following must apply when considering investments for the council:

- Investments must be made in sterling and any payments or repayments in respect of the investment are payable in sterling
- All investments must be made in the name of Great Sankey Parish Council
- Investments must mature in no more than 12 months
- All investments will be made with banks/building societies, other public authorities or other approved public sector investment funds which are deemed to have either a high-quality rating and/or a stable and positive outlook

4. Non-specified Investments

Great Sankey Parish Council will not participate in non-specified investments, such as stocks and shares, as these have a greater potential risk and are not considered to offer the level of security and liquidity required.

5. External Borrowing Strategy

Great Sankey Parish Council acknowledges the importance of borrowing funds and the financial impact on the Council and the local community. Any borrowing for the purposes of capital expenditure shall be in accordance with the Local Government Act 2003 and the Trustee Act 2000.

All borrowings must be approved by full council.

The Parish Council will ensure the following when considering requesting a borrowing approval:

- The borrowing should only be used for the purpose of Capital expenditure as defined by Section 16 of the Local Government Act 2003.
- Any unallocated balances including, where appropriate capital receipts beyond those required for the prudent financial management of the council, should be used in the project for which the borrowing is required.
- The Parish Council should have a realistic budget for the servicing and repayment of the debt, considering the future effect on the council's precept and cash flow.
- The Council must not mortgage or charge any of its property as security for money borrowed.
- All borrowing shall be affected in the name of the council.
- All necessary borrowing approvals shall be obtained and applications approved by the council as to terms and purpose.
- Any financial arrangement which does not require formal borrowing approval from the Secretary of State (such as Hire Purchase) shall be subject to approval by the full council.
- The Parish Council will pursue the best possible terms when borrowing but will generally use the Public Works Loan Board (PWLb). The Parish Council considers that the fixed term rates offered by the PWLB are generally competitive and that PWLB loans offer stability for the financial planning of the council.
- The Parish Council will determine the period of each loan which should not exceed the period for which the expenditure is forecast to provide benefit to the Council i.e. useful life of the asset.