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CONSTITUTION

CHAPTER 21

INVESTMENT STRATEGY

Adopted – 7 March 2025

INVESTMENT STRATEGY 2025/26

1. INTRODUCTION

1.1 Statutory Guidance

This Strategy has been produced with regard to the Statutory Guidance on Local Government Investments (3rd Edition) issued by the Secretary of State for the Ministry of Housing, Communities and Local Government under Section 15(1)(a) of the Local Government Act 2003 and is effective for financial years commencing on or after 1 April 2018.

1.2 Prudence in Investment

Where a council builds up balances, these must be safeguarded by investing in an appropriate account. Investing balances by local councils should be done prudently and in accordance with the above Guidance.

1.3 Applicability of Guidance

The Guidance applies where the Council's total investments exceed or are expected to exceed £100,000 at any time during the financial year.

2. INVESTMENT OBJECTIVES

The primary objectives of the Parish Council's investment activities are:

- **Security**: Protecting the capital sum invested from loss.
- **Liquidity**: Ensuring that funds are available when needed to meet the Council's expenditure commitments.
- **Yield**: Achieving a reasonable return on investments consistent with the above priorities.

3. INVESTMENT TYPES

The Council will invest in the following types of instruments:

- **Specified Investments**: These are investments that are:
    - In sterling.
    - Have a maturity of no more than 12 months.
    - Are not defined as capital expenditure.
    - Made with a body or investment scheme of high credit quality, the UK Government, or a local authority.

Examples include bank deposit accounts and money market funds with high credit ratings.

- **Non-Specified Investments**: These are investments that do not meet the criteria of specified investments and may have higher risk. The Council does not currently intend to engage in non-specified investments.

4. RISK MANAGEMENT

To mitigate risks, the Council will:

- **Diversification**: Distribute investments across multiple counterparties to reduce exposure to any single institution.
- **Regular Policy Reviews**: Continuously assess and update investment policies in response to changing market conditions.
- **Liquidity Maintenance**: Ensure sufficient liquidity to meet foreseeable expenditure requirements.

6. USE OF MONEY MARKET FUNDS (MMFS)

The Council may utilize MMFs as part of its investment strategy. MMFs are pooled funds that invest in high credit quality, short-term debt instruments and typically offer daily liquidity. They provide diversification and are managed with objectives of capital preservation, high liquidity, and competitive returns.

7. ETHICAL CONSIDERATIONS

The Council acknowledges its responsibility to consider environmental, social, and governance factors in its investment decisions. While prioritizing security and liquidity, the Council will, where possible, avoid investments that conflict with its commitment to sustainability and ethical practices.

8. REPORTING AND REVIEW

The Responsible Financial Officer (RFO) will provide regular reports on investment performance to the Council. This strategy will be reviewed annually and updated as necessary