

Nailstone Parish Council

Investment Strategy

This Investment Strategy complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments (3rd Edition) and considers Section 15(1)(a) of the Local Government Act 2003 and guidance within Governance and Accountability for Local Councils Practitioner's Guide 2018.

An investment strategy is required for all investments expected to exceed £100,000.00 at any time during the financial year.

The Local Government Act 2003 states that a local authority may invest:

- a) For any purpose relevant to its functions under any enactment and
- b) For prudent management of its financial affairs.

This policy establishes objectives, practices and reporting arrangements for the effective management and control of the PC's investment activities and the associated risks and should be read in conjunction with the PC's Financial Regulations.

Nailstone Parish Council acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty.

Investment Objectives & Principles.

The PC aims to invest its reserves to maintain the value of these funds in real terms to support future service delivery.

The PC is required to consider investments in line with the following principles:

- a) Security – protection of the investment sum from loss of value and to minimise risk and,
- b) Liquidity – how quickly the invested funds can be encashed if required.

Once principles a) and b) have been determined, the PC can consider suitable investments to maximise its income (yield).

The PC should consider the appropriate balance between security, liquidity and yield in relation to risk when making any investment decisions.

All investments will be made in the name of Nailstone Parish Council and be deposited in sterling.

The decision to invest funds, and the choice of institution and length of the deposit must be made by the PC. The PC will aim to invest only in institutions with a high credit quality and low credit risk based on information from credit agencies, aiming for those with an 'A' rating. The institution's credit rating will be reviewed on a regular basis and at any time that further funds are to be invested.

The PC will consider spreading its investments across financial institutions to minimise risk and to protect its funds.

All investments will be with financial institutions, banks and building societies registered in the UK.

This Investment Strategy will be published on the PC's website.

Short Term Specified Investments.

Short term specified investments are those offering high security and high liquidity, with a maturity of no more than 12 months. Short term investments made with the UK Government or to a local authority or Town/Parish Council will automatically be defined as specified investments. For the prudent management of the PC's balances and to maintain adequate levels of security and liquidity the PC may choose to invest short term funds with banks, building societies, local authorities or other public authorities who are all based in the UK, and with other approved public sector investment funds.

Long Term Non-Specified Investments.

Non-specified investments are any investments that do not meet the criteria of short term specified investments. In general, non-specified investments have greater risk potential and include investments in money markets, stocks and shares. Funds may be invested for periods of more than 12 months. In specifying the length of the investment, the PC's anticipated expenditure requirement over the proposed investment period will be assessed to ensure sufficient funds remain available.

The PC may place investments not required for current expenditure with long term non-specified investments with a maturity period of up to 5 years, at which point the investment objectives should be fully reviewed to determine whether the investment should continue.

The PC will determine the upper limits for the maximum amounts that can be held individually or accumulatively in non-specified investments and will confirm annually that the investments have remained within these limits.

The PC will seek the advice of an independent financial advisor prior to making any long-term investments, as part of the risk management process.

Risk Management & Monitoring.

A risk assessment is to be maintained for each investment, as recorded in the PC's annual risk assessment.

Investments will be spread over different providers where appropriate to minimise risk.

Investment performance reports provided by the investment institutions will be reported to the PC and reviewed as part of the annual budgeting process.

The PC will monitor the risk of loss on investments by reviewing credit ratings for the investment institutions at least annually. This will be achieved by asking the institutions to confirm their current credit rating.

The Parish Clerk, as Responsible Financial Officer, shall be the contact for the financial advisor and any other appointed parties and is authorised to deal with administrative matters and give instructions on behalf of the PC as necessary to protect the PC's investments.

End of Year Investment Report & Governance.

At the end of the financial year the Parish Clerk will report on all investments.

The Parish Clerk is responsible for bringing to the PC's attention any matters which may affect the security of the PC's investments. The PC is solely responsible for agreeing any course of action required to safeguard its investments.

This Investment Strategy must be reviewed annually by the Parish Council.

Any amendments required to the Investment Strategy must be approved by the PC prior to implementation. Amendments may be proposed at any time during the year.

Investment Strategy 2025-26

The PC will continue to use HSBC Bank as the day-to-day primary banking provider.

The PC has two accounts with HSBC, a Current account and a Business Money Manager Savings Account.

The PC received £180,000 Community Benefit Funding from the Stoneshollow Solar Development on 1st April 2024.

Two further investment accounts were opened following the receipt of the Community Benefit Funding, a CCLA Account and a Redwood Bank 95 Day Notice Account. Monies have been deposited in both accounts. Both accounts meet the definition of a short term specified investment. The PC does not currently have any long term non specified investments.

The Clerk, as RFO, produces a report on the account location and amount of reserves, investments and earmarked funds each month. This is produced for Cllrs consideration alongside the bank reconciliation which includes the amount of interest received on invested funds.

The PC will ensure it has adequate cash resources, overdraft or standby facilities to always enable it to have the level of funds available which are necessary for carrying out its statutory obligations and achieving its service objectives.

This policy was reviewed and approved by resolution by Nailstone Parish Council on
25th March 2026.