

Investment Strategy Policy

1. Introduction

This Investment Strategy Policy sets out the framework within which Clipstone Parish Council will manage its financial investments. The purpose of this policy is to ensure that all investments are made prudently, with due regard to the priorities of security, liquidity, and yield, in that order.

This strategy has been prepared in accordance with:

- The Local Government Act 2003, Section 15
- The Statutory Guidance on Local Government Investments (3rd Edition, 2018) issued by the Ministry of Housing, Communities & Local Government (MHCLG)
- The Governance and Accountability for Smaller Authorities in England: A Practitioners' Guide (2023)

2. Scope

This policy applies to all investments held by Clipstone Parish Council and covers both short-term and long-term investments. It includes funds held in current and deposit accounts, as well as any other investment instruments permissible under current legislation.

3. Investment Objectives

The Council's investment objectives are as follows:

1. Security: Protecting the capital sum from loss.
2. Liquidity: Ensuring that funds are available when required.
3. Yield: Achieving the best return on investments consistent with the first two priorities.

The Council does not invest in non-financial assets or high-risk investment vehicles such as stocks, shares, or property, unless explicitly authorised and included in a revised policy.

4. Legal Framework & Statutory Guidance

The Council must have regard to the Statutory Guidance on Local Government Investments issued under the Local Government Act 2003. The guidance classifies investments into two main types:

- Specified Investments: These are short-term (less than 12 months), denominated in sterling, and made with bodies of high credit quality (e.g., UK banks, building societies, and public sector bodies).

- Non-Specified Investments: These carry a higher risk and are not generally suitable for parish councils.

Clipstone Parish Council only invests in Specified Investments.

5. Investment Strategy

Clipstone Parish Council will:

- Maintain bank accounts with UK institutions regulated by the Financial Conduct Authority (FCA).
- Only invest surplus funds in deposit accounts or fixed-term interest-bearing accounts with reputable UK institutions.
- Spread investments across different financial institutions if surplus funds exceed the £85,000 Financial Services Compensation Scheme (FSCS) limit per institution.
- Regularly review account interest rates and transfer funds if better rates can be obtained without sacrificing security or liquidity.

6. Risk Management

The Council will:

- Monitor counterparty risk by only investing in institutions with a sound credit rating or government backing.
- Avoid speculative investments.
- Ensure that no more than 50% of the total reserves are placed in long-term deposits (over 12 months) without a formal review by the Council.

7. Liquidity and Reserves

The Council will ensure that it holds adequate cash in its current account and instant-access savings to meet:

- Monthly expenditure commitments
- Unexpected emergency costs

Reserves not immediately needed may be invested in short-term deposit accounts to maximise interest income.

8. Review and Reporting

- The Responsible Financial Officer (RFO) shall provide an annual investment report to the Council as part of the year-end financial review.

- This Investment Strategy shall be reviewed annually and adopted by full Council prior to the beginning of the new financial year.
- All investment decisions will be recorded in the Council minutes.

9. Ethics and Social Responsibility

Clipstone Parish Council will, where possible, consider ethical investment options that align with the Council's values and community priorities. This may include prioritising financial institutions with commitments to sustainability and community development, provided the criteria of security and liquidity are met.

10. Policy Approval

This Investment Strategy was approved by Clipstone Parish Council at its meeting held on [Insert Date] and will be subject to annual review.

Signed: D Eskriett

Chair of the Council

Signed: M Colton

Responsible Financial Officer (RFO)

Date: 28 May 2025

Minute Reference CPC25/26 19b