



# Investment Strategy & Policy – 2026/27

## 1. Introduction

- 1.1 Kings Worthy Parish Council (the Council) recognises and fully embraces the importance of proper and prudent investment of funds held by the Council, on behalf of Parishioners.

This policy complies with the revised requirements set out in the Statutory Guidance on Local Government Investments (3rd edition), issued under section 15(1)(a) of the Local Government Act 2003.

This guidance applies to parish councils and charter trustees, providing their total investments exceed or are expected to exceed £100,000 at any time during the financial year. Where a parish council or charter trustee expects its total investments to be between £10,000 and £100,000, it is encouraged to adopt the principles in this guidance.

The Council defines its investment and reserve management duties as “the management of the Council’s cash flows, its banking and investment transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks.”

For the purpose of this policy, the term investment will also apply to fixed term deposits.

## 2. Investment Objectives

- 2.1 The Council’s investment priorities are:

- 1) The security of its reserves, and
- 2) The adequate liquidity of its investments, and
- 3) The return on investment – The Council will aim to achieve the maximum return on its investments whilst operating under the priorities listed above.

## 3. Investment Strategy

- 3.1 This strategy establishes the Council’s objectives, practices and reporting arrangements for the effective management of the Council’s investments and reserves, including the associated risks.
- 3.2 All investments will be made in pound sterling, and as a minimum, surplus funds will be aggregated in an interest-bearing bank account.
- 3.3 The Ministry of Housing, Communities & Local Government maintains that the borrowing of money purely for the purpose of making a return, via either investment or further lending, is unlawful and the Council will not engage in such activity.
- 3.4 To minimise risk the Council will, where possible, ensure that before entering into any investment, the investment firm is registered and authorised with the Financial Conduct Authority, as well being covered under the Financial Services Compensation Scheme (FSCS). This will also apply to bank accounts used to hold the Council’s reserves.
- 3.5 Any investments to be made over the FSCS deposit limit, or without FSCS protection, will be subject to a credit rating score before the investment is to take place. This will be obtained from one of the following credit rating agencies:  
Standard and Poor’s, Moody’s Investors Service and Fitch Ratings.
- 3.6 A significant percentage of the Council’s bulked reserves shall be placed on interest bearing term/notice/instant access deposits.

- 3.7 To retain liquidity these shall be placed with phased access dates to ensure there will always be some accessible sooner than others.
- 3.8 No investment shall be for a period of more than 12 months.
- 3.9 Investments shall be decided by the Finance, Administration & Remuneration committee, in conjunction with the Responsible Finance Officer.
- 3.10 The actual movement of money shall be by the usual authorised signatories, unless transferring internally between the Councils current and reserve accounts.
- 3.11 Any searches or credit checks carried out shall be approved and authorised by the Finance, Administration & Remuneration committee before any investments are placed.

#### 4. Specified investments

- 4.1 Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short-term investments will automatically be Specified Investments. In addition, short-term sterling investments must be with bodies/institutions with "high credit ratings".
- 4.2 The Council, for prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council may use:
  - Fixed Term/variable rate (notice) deposits with FCA authorised UK banks and UK building societies.
  - Public bodies (Including Local Authorities and Police authorities)
  - Low-risk UK public sector investment funds (such as the Public Sector Deposit Fund) with a triple A rating.
- 4.3 The choice of institution and length of deposit (subject to the limits laid out above) will be at the approval of the Council.

#### 5. Non-specified investments

- 5.1 Non-specified investments are usually for longer periods (i.e. more than one year) and with bodies that are not highly credit-rated.
- 5.2 These investments have greater potential risk, examples include investment in the money market, stocks and shares. Given the unpredictability surrounding such investments, the Council will not use this type of investment, other than the Public Sector Deposit Fund mentioned above.

#### 6. Liquidity of investments

- 6.1 The Finance, Administration & Remuneration committee, in consultation with the Responsible Finance Officer, will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 6.2 Investments will be regarded as commencing on the date the commitment to invest is entered into, rather than the date on which the funds are paid over to the counterparty.

#### 7. Long term investments

- 7.1 Long Term Investments are defined in the Guidance as greater than 12 months.

7.2 The Council does not currently hold any funds in long term investments and none are currently envisaged.

## 8. Risk Investment

8.1 The Parish Council's reserves are covered by the Financial Services Compensation Scheme up to the deposit limits of the scheme and must therefore be carefully managed to mitigate the risk of losses.

8.2 The Council will only invest in institutions of "high credit quality" as set out in section 3 of this strategy.

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

8.4 The Council will monitor the risk of loss on investments by reference to credit ratings. The Council should aim for ratings equivalent to the Fitch F1 rating for short-term and long-term investments. The Council will also have regard for the general economic and political environment in which institutions operate.

8.5 The investment position will be reviewed quarterly by the Responsible Finance Officer and reported to the Finance, Administration & Remuneration committee as part of its regular reporting cycle.

## 9. Use of financial advisors and investment managers

9.1 The Council does not employ, in-house or externally, any financial advisors but will rely on information which is publicly available.

9.2 If external investment managers are directly engaged by the Council, they will be contractually required to comply with this strategy.

## 10. End of year investment report

10.1 Investment forecasts for the coming year will be accounted for when the budget is prepared. Investment returns will be reported by the Responsible Finance Officer as part of the monthly accounts.

## 11. Review and amendments of policy/strategy

11.1 The Council reserves the right to make variations to the policy/strategy at any time, subject to the approval of the Full Council. Any variations will result in an updated strategy being published

11.2 This policy/strategy will be reviewed annually.

## 12. Transparency

12.1 This strategy/policy will be published on the Council's website.