

Hargrave & Huxley Parish Council

Investment Policy

1. Introduction

1.1 As part of its fiduciary duty, Hargrave and Huxley Parish Council (the PC) acknowledges the importance of prudently saving and investing any temporarily surplus funds held on behalf of the community.

1.2 This policy complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments and takes into account Section 15(1) (a) of the Local Government Act 2003 and guidance within the Governance and Accountability for Local Councils *Practitioners' Guide* 2019.

1.3 Parish Councils have the power to invest surplus funds and the Local Government Act 2003 states that a local authority may invest:

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

The Council defines its treasury management activities as 'the management of the Council's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks'.

Policy

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

2. Investment Objectives

The Council's investment priorities are:

- The security of its reserves
- The adequate liquidity of its investments
- To support effective treasury management
- To obtain a return on funds in excess of those required for the following 3-6 months.

3. Investment Strategy

3.1 The PC's current account(s) shall be maintained with a UK clearing bank.

3.2 All deposit accounts shall be maintained with the bank holding the current account(s) for ease of transfers unless the rate of interest offered is deemed to be uncompetitive, in which case the services of other UK banks and building societies should be considered.

3.3 The current account balances shall not exceed 1.25 times the precept at any one time i.e. 15 months cash flow.

- 3.4 The remainder of funds held will be invested to maximise the interest received whilst retaining flexibility of cash flow and minimizing the risk to the sums invested.
- 3.5 All investments will be made in sterling under Financial Services Compensation Scheme (currently £85,000) and within the United Kingdom only.
- 3.6 Any funds above the maximum covered by the Financial Services Compensation Scheme will be placed with other UK banks or building societies.
- 3.7 Excess Access Call deposits, which maximise income whilst retaining flexibility, will be the preferred investment product but others will not be ruled out.
- 3.8 The term of any deposit will not exceed three months unless the funds will not be required for a specific, longer period.
- 3.9 The process for agreeing investments with new institutions will be that a recommendation will be brought by the Clerk/RFO to a Full Council meeting for approval.

4. Reporting and Review

- 4.1 The Investment Policy will be reviewed annually by the full PC.
- 4.2 The Clerk/RFO will produce an annual report on investment performance which will be considered by the PC.

Adopted: 16th January 2024
Reviewed: May 2025
Reviewed: 10th May 2026
Next Review May 2027