

Ash Parish Council



Investment Strategy

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1 Strategy Statement

Ash Parish Council (“the Council”) acknowledges its responsibility to the community and the importance of prudently investing any surplus funds held by the Council until they are required for expenditure purposes.

The Local Government Act 2003 requires Local Authorities to produce an Investment Strategy each year. This Strategy has been prepared in accordance with the Guidance on Local Government Investments (“the Guidance”) issued under s.15(1), Local Government Act 2003 (“s.15(1)”).

The Guidance applies to a Parish Council if its total investments exceed, or are expected to exceed, £100,000 at any time during the financial year. A Parish Council that expects its total investments to be between £10,000 and £100,000 is encouraged to adopt the principles of the Guidance.

The Council expects its total investments to exceed £100,000 during the financial year covered by this Strategy and will therefore have regard to the Guidance.

This Strategy sets out:

- Investment Objectives;
- Categories of Investments;
- Investment Strategy – General;
- Investment Strategy – Specific

2 Investment Objectives

2.1 The Council’s prudential investment objectives for its reserves are:

2.1.1 Security (protecting the capital sum from loss); and then

2.1.2 Liquidity (keeping the money readily available for expenditure when needed).

2.2 The generation of yield is distinct from the prudential objectives and will be considered once levels of security and liquidity have been determined. The Council will achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

3 Categories of Investments

3.1 Specified Investments are those offering high security and high liquidity and that meet the following criteria:

3.1.1 are made in £ Sterling;

3.1.2 are not long term (12 months or less);

3.1.3 are not defined as capital expenditure;

3.1.4 are made with a body which has a high credit rating; or

3.1.5 are made with the UK Government, a UK local authority, or a parish or community council.

3.2 A non-specified investment is any financial investment that is not a loan and does not meet the criteria to be treated as a specific investment. Such an investment has a greater risk potential and examples include money markets and stocks and shares.

3.3 A council may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic

growth. Such loans can be made if certain conditions can be met as per the Guidance.

- 3.4 Non-financial investments are non-financial assets that a council may hold primarily or partially to generate a profit. Where a council holds a non-financial investment, it will normally have a physical asset that can be realised to recoup the capital invested.

4 Investment Strategy – General

- 4.1 The Council's Investment Strategy will be reviewed and approved annually by the Amenities, Finance and Administration Committee (AFA) and Full Council as part of the budget process.
- 4.2 The Council recognises that neither Councillors nor Officers are experts in the field of investment fund management and, as part of the annual review, will assess if there is a requirement to obtain independent, external, expert advice regarding its investments.
- 4.3 If a material change is required during the year, a revised Strategy shall be approved by Full Council before the change is implemented.
- 4.4 The Council will ensure it holds sufficient funds in the current account to meet its short-term financial commitments to salary payments and creditors (see 5.1.3).
- 4.5 All accounts will be held with banks and building societies which are regulated by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA").
- 4.6 No investment shall be held with the Council's current account banker or bankers.
- 4.7 The Council shall only invest with organisations which are defined as 'High Credit Quality' by one of the credit rating agencies stated in the Guidance (Fitch Ratings Ltd). The credit rating will be checked on a quarterly basis and reported to the Amenities, Finance and Administration Committee (AFA) as part of the annual review.
- 4.8 Where investments are made in interest bearing term/notice deposits, these shall be placed with phased end dates to retain liquidity.
- 4.9 The Council will not borrow more than, or in advance of, its needs purely to profit from the investment of the extra/early sums borrowed.
- 4.10 Any approved investment shall be authorised as per the Council's Financial Regulations and agreed signatories.
- 4.11 Any long-term investments, i.e. CCLA Property Fund or stocks and shares, will be added to an Asset and Investment Register.
- 4.12 The Responsible Financial Officer shall report on the return on investments as part of the regular financial updates to the Amenities, Finance and Administration Committee (AFA) and Full Council.
- 4.13 The Investment Strategy shall be posted to the Council's website with hardcopies available from the Clerk on request.

5 Investment Strategy – Specific

5.1 Banking Arrangements

- 5.1.1 The Council's current bank account is held with the CO-OP. The CO-OP is authorised by the PRA and regulated by the by the FCA. It is listed in the Financial Services Register under number 204570.
- 5.1.2 The Parish Council's working cash is covered by the Financial Services Compensation Scheme ("FSCS")¹ up to £120,000 per bank or other

financial institution. Confirmation of the Council's eligibility under the FSCS is made annually to Unity Trust Bank

- 5.1.3 Any balance over £120,000, not required to meet the Council's short-term financial commitments to salary payments and creditors, will be moved to The Public Sector Deposit Fund ("PSDF").

5.2 Investments

- 5.2.1 To meet its investment objectives, the Council's surplus funds are invested with the PSDF operated by CCLA Investment Management Limited.
- 5.2.2 The PSDF has a credit rating of AAmmf as per Fitch Ratings Ltd². This is the highest possible rating.
- 5.2.3 The yield rate as at 31 March 2026 was 3.76%. The yield is calculated daily and is net of fees.
- 5.2.4 The annual management charge³ (0.08% net of fees) accrues daily and is calculated by daily reference to the net asset value of each sub-fund on the previous dealing day and is payable monthly within 10 business days of the following month.
- 5.2.5 Deposits are made by bank transfer with withdrawals actioned before 11:30 (via email) being available in the council's bank account as cleared funds by 16:00 on the same day.
- 5.2.6 The end of year balance is included within Bank and Cash balances in the Annual Return.

5.3 Borrowing and Fixed Term Investments

- 5.3.1 Expected levels of external borrowing and fixed term investments for the financial year in question are estimated to be:
- short-term borrowing: nil;
 - long-term borrowing: nil;
 - interest bearing fixed term investments: nil.

1. FSCS does not protect deposits made by a public authority (including a parish council), unless it is a small local authority ie it has gross annual income or expenditure (turnover) below £6.5 million, with an annual budget of up to EUR500,000
<https://www.fscs.org.uk/Search/Index/?q=parich%20council>.
2. [CCLA Public Sector Investment Fund - The Public Sector Deposit Fund Credit Ratings :: Fitch Ratings](#)
3. The annual management charge is deducted from the gross income earned on the fund and the dividend paid into the account is the income less fees.
4. If a decision is made to borrow funds for the project, this Investment Strategy will be updated.