

Investment Policy

Thurston Parish Council

Policy Approved: Policy & Resources Committee 12 February 2025
Presented to Council: Full Council Meeting 5 March 2025
Review Body: Policy & Resources Committee
Review Period: Annually
Next Review: Policy & Resources Committee November 2025
Review Period: Every two years or following legislative changes.

This document is subject to revision and is maintained electronically. Electronic copies are version controlled and printed copies are not subject to this control.

Introduction

As part of its fiduciary duty, Thurston Parish Council (the Council) acknowledges the importance of prudently saving and investing any temporarily surplus funds held on behalf of the community. 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 2025.

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 the purpose of prudent management of its financial affairs.

Policy

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

Investment Objectives

2. The Council's priorities will centre on managing the risks associated with investment by prioritising security above the other two investment criteria.
   - Security - in recognising the Council's responsibility to Council Taxpayers, the parish council will seek to ensure all investments are made with a body or an investment scheme which has been awarded a high credit rating by a credit agency in comparison with other financial institutions.
   - Liquidity - whilst the Parish Council may invest funds in either short term or long-term investment products, the presumption will be that it will maintain high levels of liquidity and seek investment generally for a period of up to 12 months.
   - Return - this will depend upon the investment options available at any one point in time.
3. In accordance with the Council's Climate Emergency Declaration, ethical investment opportunities which seek to positively contribute to the environment will be considered alongside yield, subject to any such investment complying with the statutory guidance as outlined in this document.

Control Measures

4. All investments will be made in sterling, and any repayments or payments will also be made in sterling.
5. All investments will be within the United Kingdom only.
6. The Responsible Financial Officer (RFO) may place funds in investments subject to:
   a. compliance with the strategy outlined below; and
   b. consultation with a minimum of two members of the Policy & Resources Committee.
7. Investments should be spread over different providers where appropriate to minimise risk.

Investment Strategy

8. Thurston Parish Council's main accounts are maintained with UK clearing banks – Lloyds Business Account (Current and Instant Access Account), Lloyds Commercial Saving Account (Instant Access Account), Redwood Bank (95 Day

Notice Account), Unity Trust (Current Account and Instant Access).

9. Ideally, the combined total of current account balances should not exceed £120,000 per UK-authorised firm, the maximum currently covered by the Financial Services Compensation Scheme (at any one time – effective 1 December 2025).
10. Any funds above the maximum covered by the Financial Services Compensation Scheme will be placed with other UK banks or building societies.
11. The remainder of funds held will be invested to ensure maximisation of maximise interest received whilst retaining flexibility of cashflow and minimising risk to capital. As a principle, funds will be distributed between a number of organisations, to minimise any loss in the event of failure of a single institution.
12. For the prudent management of its balances, maintaining sufficient levels of security and liquidity, the council will use:
    - UK banks and UK building societies
    - Public Bodies (including Local Authorities and Police Authorities)
    - The debt management agency of HM Government.
13. The term of any deposit will not exceed twelve months unless it is clear that the funds will not be required for a specific, longer period. The RFO will ensure that funds are invested so as not to compromise liquidity.
14. Preference will be given to funds which can demonstrate ethical investment.
15. The process for agreeing investments with new institutions will be that a recommendation will be brought by the RFO to either the Policy and Resources Committee or Full Council for approval.

Risk Assessment

16. The council will only invest in institutions of “high credit quality” as set out in the Investment Strategy section of this policy. Investments will be spread over different providers where appropriate to minimise risk.
17. The council will have regards for the general economic and political environment in which institutions operate.

Reporting and Review

18. The Investment Policy will be reviewed annually by the Policy & Resources Committee.
19. The RFO will produce an annual report on investment forecasts for the coming financial year for consideration when the budget is being set.
20. At the end of the financial year, the RFO will report on the investment activity to the Policy & Resources Committee prior to circulation to Full Council.
21. The Policy & Resources Committee reserves the right to make variations to the Investment Policy at any time. Such amendments will be reported to full council at the earliest opportunity.
22. Any variations will be made available to the public.

Freedom of Information

23. In accordance with the Freedom of Information Act 200 this document will be posted on the council’s website: https://thurstonparishcouncil.uk/pc/ and is also available by contacting Thurston Parish Council, Parish Council Offices, New Green Centre, Thurston, IP31 3TG. Telephone: 01359 223854 or email: info@thurstonparishcouncil.gov.uk