



Stanton under Bardon Parish Council

DOCUMENT CONTROL

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1. Introduction

Stanton under Bardon Parish Council recognises the importance of responsibly managing all funds held on behalf of the community.

In accordance with Section 15(1)(a) of the Local Government Act 2003, the Secretary of State for Local Government has issued the Statutory Guidance on Local Government Investments. Local councils must "have regard" to this guidance, and those with investments exceeding £100,000 in a financial year are required to prepare an investment strategy. When investments surpass this threshold, councils must fully adopt the guidance and implement a formal strategy.

All investments will be made in accordance with the Council's financial procedures, taking into account recommendations from internal and external auditors, and, where necessary, advice from the Council's financial advisors.

As the Council anticipates its investments will exceed £100,000 during the 2024-25 financial year, it has resolved to adopt an Investment Strategy and apply the relevant guidance as outlined below.

2. Investment Objectives

The Council's investment priorities are:

1. **Security** – Protecting the capital sum invested from loss.
2. **Liquidity** – Ensuring funds are readily available when needed.
3. **Return** – Maximising returns while maintaining security and liquidity.

The Council will seek to achieve the best possible return on its investments while ensuring appropriate levels of security and liquidity. All investments will be made in sterling.

To manage the risk of financial loss, the Council will review credit ratings monthly, or more frequently if necessary, using reputable agencies such as Fitch Ratings Ltd and Moody's Investors Service Ltd. The Council will aim to invest only in institutions with a minimum credit rating of "A". Investments may be diversified across multiple providers where appropriate to minimise risk.

Any significant changes in credit ratings will be reported to the Council immediately, and the Proper Officer is authorised to take necessary action to safeguard the Council's assets.

The Council will also consider the environmental and ethical impact of its investments, seeking to support providers whose policies align with the Parish Council's commitment to reducing its carbon footprint.

In accordance with guidance from the Department for Communities and Local Government, the Council will not engage in borrowing solely for the purpose of investment or lending for financial gain, as such activity is deemed unlawful.

3. Transparency and democratic accountability

An Annual Investment Strategy will be prepared each year and presented to the Full Council for approval.

If any significant changes to the Strategy are required during the year, a Revised Strategy will be drafted and submitted to the Full Council for consideration before implementation. The Strategy will include all necessary disclosures and reporting requirements as outlined in the Statutory Guidance on Local Government Investments. Once approved, the Strategy will be made publicly available on the Parish Council's website.

4. Security of Investments

Government guidance distinguishes between specified investments and non-specified investments:

Specified Investments

Specified investments are low-risk assets that offer high security and liquidity. They must:

- Be made in sterling.
- Have a maturity of no more than one year.
- Be placed with institutions that have a high credit rating.

To ensure prudent management of its treasury balances while maintaining security and liquidity, the Council may invest in:

- UK banks and UK building societies.
- Local authorities, parish councils, or community councils.
- UK FCA-regulated qualifying money market funds with a AAA rating from Standard & Poor's, Moody's, or Fitch.

Non-Specified Investments

Non-specified investments typically involve longer terms (more than one year) and may be placed with institutions that lack a high credit rating, making them inherently riskier.

This Council's Investment Strategy does not include non-specified investments, as they are not considered acceptable due to their higher potential risk.

5. Managing Risk

The Parish Council will take into account the Financial Services Compensation Scheme and aim to diversify specified investments across multiple providers to limit exposure and minimise risk.

The Responsible Finance Officer (RFO) will provide recommendations to the Full Council on the maximum duration for which funds may be prudently committed, ensuring that liquidity is not compromised.

To mitigate investment risks, the Council will:

- Review credit ratings monthly (or more frequently if necessary).

- Consider broader financial, economic, and political factors that may impact investments.

The Council does not currently use external advisors, as it is not deemed necessary given the low-risk, prudent nature of its investment strategy. However, should professional advice be sought in the future, it may lead to alternative investment strategies being considered.

All investment-related resolutions will be formally recorded in the minutes of Council meetings.

6. Review and Amendment

The Responsible Financial Officer (RFO) will review the Parish Council's investment position at least every six months and report findings to the Full Council for consideration.

This Investment Strategy will be reviewed annually to ensure it remains appropriate and effective. Similarly, the Responsible Financial Officer (RFO) is responsible for ensuring balances remain within the minimum and maximum limits of each investment and will report to the Full Council as part of the bi-annual investment report.

The Parish Council reserves the right to amend the Strategy at any time, subject to Full Council approval. Any changes will be formally recorded in the minutes and made publicly available.

7. Account Balances

The minimum and maximum amounts where the Council's investments are held are shown below:

Account Name	Minimum Balance	Maximum Balance
CCLA Public Sector Development Fund	£25,000	£1,000,000
Redwood Bank - 1 Year Business Savings Bond	£10,000	£1,000,000
Charity Bank Ethical 1-Year Fixed Rate Account - 4.51% Gross/AER*	£5,000	£500,000

8. Risk Assessment 2024/2025

Fitch Credit Agency Ratings

Account Name	Rating	As of
CCLA Public Sector Development Fund	AAAmmf	6 th February 2023
	AAAmmf	6 th December 2024
Redwood Bank - 1 Year Business Savings Bond*		
Charity Bank Ethical 1-Year Fixed Rate Account*		
* Financial Services Compensation Scheme (FSCS) The first £85,000.00 of investment in each financial institution will be compensated if a bank or building society fails. Where multiple accounts are held with a bank that are part of the same banking group they are treated as one bank.		

The CCLA Public Sector Deposit Fund is not covered by the Financial Services Compensation Scheme.

Risk of Failure

The risk of failure of any of the financial institutions used by Stanton under Bardon Parish Council is considered as low.

The UK Government is unlikely to allow a major high street provider to fail as evidenced by the Financial Crisis of 2007/2008.

The Bank of England has no indicated any plans for a reduction in interest rates and interest rates are unlikely to increase in 2025/2026.