Earnley Parish Council

INVESTMENT STRATEGY

Introduction

Earnley Parish Council (the Council) acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community. This strategy complies with guidance issued by the Secretary of State under section 15(1) (a) of the Local Government Act 2003 effective on or after 1 April 2018. It applies where a Parish Council expects its total investments to exceed £100,000 in the financial year.

Investment Objectives

The general policy objective for the Council is the prudent investment of its surplus funds. Surplus funds are not required to run the day-to-day business of the Council and are in excess of the Council's annual precept.

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The Council's investment objectives are:

a) Minimise risk to surplus funds

b) The liquidity of its investments

c) The yield obtained from any investment

The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

All investments will be made in pound sterling.

Specified Investments

Such short-term investments made with the UK Government or a Local Authority (as defined) or a Town/Parish Council will automatically be specified investments.

For the prudent management of its balances, the Council may use:

- Deposits with banks, building societies, local authorities or public authorities
- Treasury deposits with UK clearing banks
- Money market funds
- UK Government issued gilts
- Other approved public sector investment funds

The choice of institution and length of deposit will be at the approval of the Full Council.

Non-Specified Investments

These investments have greater potential risk and are usually for longer periods and with bodies that are not as highly credit rated. Examples include investment in money markets, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council **will not** use this type of investment.

Liquidity of Investments

The Responsible Financial Officer (RFO), will have delegated authority to set up and manage all savings accounts and investments in accordance with this Policy. Where the amount and timing of significant project expenditure is known with a high level of confidence, the RFO will make the appropriate transfer to the Council's current account and will report to the Council at each Full Council Meeting.

Risk Assessment

The Parish Council's funds are held with Unity Trust Bank and all accounts are covered by the Financial Services Compensation Scheme (FSCS) up to a maximum of £120,000.00, the remaining balance is not and must therefore be carefully managed to mitigate the risk of loss.

The investment position will be reviewed by the Responsible Financial Officer and reported to the Full Council annually.

Investment Strategy

The Council will invest as much of its surplus funds as possible in a low-risk product in order to achieve its investment objectives.

The operational funds will remain in a current account with Unity Bank. The balance of the two accounts will be monitored against the FSCS protection limits and if breached appropriate action will be considered.

Review and Amendment of Regulations

The investment strategy will be reviewed annually by the Responsible Finance Officer and revised if considered necessary and presented to Full Council for approval.

Freedom of Information / Transparency

In accordance with the Freedom of Information Act 2000, this document will be available on the Council's website and a hard copy will be available from the Earnley Parish Council office upon request.

Adopted on: 27th July 2026

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