LITTLE SMEATON PARISH COUNCIL

Investment Strategy

20.11.25

1.0 Introduction

(i) Little Smeaton Parish Council appreciates the importance of prudently investing funds on behalf of the parish. This Investment Strategy complies with the statutory guidance on Local Government Investments (issued under section 15(1)(a), Local Government Act 2003) which has statutory force and is mandatory where investments of a Parish Council are or are expected to exceed £100,000 at any point in a financial year.

2.0 Definition of an Investment

(i) The Local Government Act 2003 defines an investment widely, covering of a Parish Council's financial assets as well as other non-financial assets which are held mainly or partially to generate a profit eg, investment property portfolios. It also covers loans made by Parish Councils. It does not cover pension funds or trust funds. Parish Councils have the power to invest for any purpose relevant to their functions under any enactment, or for the purposes of the prudent management of their financial affairs (s17, Local Government Act 2003)

3.0 Contribution of Little Smeaton Parish Council Investments

(i) Investments made by Little Smeaton Parish Council will be classed as Treasury Management Investments. These are made to support effective treasury management activities eg cash flow management, banking and investing cash deposits.

4.0 Investment Policy

(i) Little Smeaton Parish Council will operate a prudent investment policy giving priority to three key objectives in the following order of importance:-

1. **Security** - protecting the capital sum invested against loss.
2. **Liquidity** - ensuring that funds invested are available for expenditure when needed; and
3. **Yield (return)** - once appropriate levels of security and liquidity have been determined, the Parish Council will strive for the best rate of return.

(1a) SECURITY - The Parish Council aims to protect the capital against loss as follows:-

Financial Investments

(i) Specified Investments - These offer high security and high liquidity. These are made in sterling, for twelve months or less and are with a 'high quality' body of investment scheme or with the UK Government or another Local Authority. The Parish Council will make this type of investment. The Parish Council considers UK banks and building societies that are protected by the Financial Services Compensation Scheme and investment schemes rated 'A' or above by a recommended credit rating agency to be of 'high quality'. The credit rating agencies are:

1. Standard and Poor's
2. Moody's Investors Services Ltd
3. Fitch Ratings Ltd

(ii) Non Specified Investments - These investments do not meet the Specified Investment Criteria and are not loans. These investments have greater potential risk - examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council will not use this type of investment.

(iii) Loans - Little Smeaton Parish Council will not make loans.

(iv) Financial Services Compensation Scheme - this scheme protects savings up to a specified limit in the event of failure of a financial services institution. The current limit is £85000 per authorised institution. Little Smeaton Parish Council will spread investments over various institutions to keep below the FSCS limit. Some financial institutions insist on a 'feeder account' as an account opening condition. Little Smeaton Parish Council have approved a total investment of £85100 if this instance arises. This will also negate untimely costly, and regular transfer fees (eg chaps payments).

(v) Risk Assessment - Little Smeaton Parish Council aims to invest via simple financial accounts which do not require expert knowledge or external advisors. Our investment decisions will be based on publicly available information from financial institutions and credit reference agencies (re 1a (i) above). The information will be reviewed by the Council at least annually, and more often if there is a marked deterioration in performance, credit rating or market conditions. Little Smeaton Parish Council will act to protect funds as necessary.

(vi) The Parish Council will ensure that any accounts opened will operate with a minimum of 2 separate signatories for withdrawal transactions.

(vii) The Council will ensure its general insurance policy covers its investments against staff and internal fraud.

Non - Financial Investments

Little Smeaton Parish Council has no loans or borrowings secured against it.

(2a) LIQUIDITY - Little Smeaton Parish Council will ensure that funds invested are available for expenditure when needed by carrying out an annual cash flow forecast, before the start of the financial year, to determine the maximum period that funds may prudently be committed for spending or investment. Our General Reserve will be more readily available for access. Other designated reserves may potentially be invested for longer periods if it is satisfied that the funds will not be required before said funds mature.

(3a) YIELD - Little Smeaton Parish Council will ensure funds invested yield the highest return once proper levels of security and liquidity have been determined.

5.0 Capacity and Skills

Little Smeaton Parish Council recognises that our Officer and Councillors may not have expertise in investment analysis. We aim to use simple financial products that do not require expert knowledge. Our annual investment strategy will be recommended by the Finance Working Group and reviewed by the Council prior to approval.

If Little Smeaton Parish Council wish to consider more complex investment types, we will make training available to Officer(s) and Councillors as appropriate and/or get professional advice. Little Smeaton Parish Council will **NOT** make investments unless we have enough understanding to make an informed decision.

6.0 Proportionality

Little Smeaton Parish Council plans to depend on profit generating investment activity to achieve a balanced revenue budget. The funding required from interest earned for the financial year 26/27 is anticipated to be £8686* to meet service delivery objectives. (*figure based on projected interest rates from accounts proposed by the Finance Working Group and agreed at the Council Meeting 20.11.2025) together with budget forecasts). Council has a contingency plan for this period to use reserve funds if this fails to meet the required level.

7.0 Financial Regulations

This strategy should be read in conjunction with Little Smeaton Parish Council's Financial Regulations.

8.0 Freedom of Information

In accordance with the Freedom of Information Act 2000 this document will be posted on the Council's website.

9.0 End Of Year Investment Report

Investment forecasts for the coming year are considered when the budget is prepared. At the end of the financial year the Finance Committee will report on investment activity.

10.0 Review Date

The Council reserves the right to make variations to the Investment Strategy at any time subject to the approval of Council before the change is implemented. Any variations will be made available to the public.

Little Smeaton Parish Council will review its Investment Strategy annually, before the start of the financial year, and more frequently if a material change is planned during the year. Any changes will be approved by Little Smeaton Parish Council.

Reviewed by Finance Working Party : 05.11.25

Date of Parish Council Meeting and Council Approval: 20.11.2025

Document Approval: ……..

Chair of Little Smeaton Parish Council

Next Review Date: November 2026