

Heighington Parish Council

Investment Strategy 2025-26

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1. Introduction

- 1.1 Heighington Parish Council acknowledges its duty and the importance of the effective and safe management in relation to investing any temporary surplus funds held on behalf of its community.
- 1.2 This strategy has been prepared in accordance with the Guidance on Local Government Investments ('the Guidance'), under section 15(1)(a) of the Local Government Act 2003, (effective from 1st April 2018), issued by the Department for Levelling Up, Housing and Communities (DLUHC).
- 1.3 The Guidance states:
 - Where a town or parish council expects its investments at any time during a financial year to exceed £100,000, the Guidance should apply in relation to that year.
 - Where a town or parish council expects its investments at any time during a financial year to exceed £10,000 but not £100,000, it should decide on the extent, if any, to which it would be reasonable to have regard to the Guidance in relation to that year.
 - Where a town or parish council expects its investments at any time during a financial year not to exceed £10,000, no part of the Guidance need be treated as applying in relation to that year.
- 1.4 Heighington Parish Council's investments during 2025-26 financial year will exceed £100,000 and therefore has agreed to apply the Guidance as below.

2 Investment Objectives

- 2.1 The Council's investment priorities are:
 - Security - to ensure that public money held is protected from and in order to minimise loss.
 - Liquidity – to ensure sufficient cash flow for Council operations.
 - Yield – to achieve a reasonable return consistent with security and liquidity.
- 2.2 The Department for Levelling Up, Housing and Communities (DLUHC) maintains that the borrowing of money purely to invest or to lend and make a return is unlawful and the Parish Council will not engage in such activity.
- 2.3 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.
- 2.4 Investments will be balanced over more than one provider or more than one portfolio (where appropriate) in order to minimise risk of financial loss.

3 Specified Investments

- 3.1 Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. 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.

- 3.2 The Parish Council for the effective prudent management of its treasury balances may use:
- Deposits with UK clearing banks and building societies.
 - Deposits with Local Authorities or other Public Authorities
 - UK Government securities (gilts)
 - Money Market Funds (MMFs) with high credit ratings
 - Other approved public sector investment funds (i.e. CCLA – Public Sector Deposit Fund)
- 3.3 All must be in sterling, low risk, and repayable within 12 months.
- 3.4 The choice of institution and length of deposit will be at the approval of the Full Council.
- 3.5 For 2025-26 the Council's funds will be held in UK banks and with the CCLA.

4 Non-Specified Investments

- 4.1 These investments have greater potential risk – examples include investment of funds in:
- the money market
 - stocks and shares
- 4.2 Given the unpredictability and uncertainty surrounding such investments, at present, the Parish Council does **not** intend to use non-specified (longer-term or higher risk) investments.
- 4.3 Any such future investment proposal will be subject to specific consideration and approval by Full Council.

5 Risk Management

- 5.1 The Parish Council's funds are covered by the Financial Services Compensation Scheme (FSCS) up to the current deposit limits of the scheme and must therefore be carefully managed to mitigate the risk of losses.
- 5.2 The Responsible Financial Officer (RFO) will monitor ratings and market information to manage risk.

6 Liquidity & Maturity

- 6.1 At least 6 months of routine expenditure will be held in instant-access accounts.
- 6.2 Longer-term deposits may be considered for reserves not required within 12 months.

7 Reporting

- 7.1 The RFO will report investment performance to Council at least quarterly.
- 7.2 The Investment Strategy will be reviewed and approved annually and published on the Council's website.

8 Ethical Considerations

- 8.1 The Council will not knowingly invest in businesses that operate in sectors contrary to its value (e.g. arms, tobacco, fossil fuels, gambling)