

Brasted Parish Council
INVESTMENT STRATEGY

This Investment Strategy was adopted by the Council at its Meeting held on 15 September 2025.

Brasted Parish Council acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty. This Strategy 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 Governance and Accountability for Local Councils Practitioner's Guide 2018.

1.2. 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.

1.3. The Council defines its treasury management activities as “the management of the Council's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks.”

1.4. The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

2. POLICY

2.1. 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.

3. INVESTMENT OBJECTIVES

3.1. The Council's investment priorities are:

- the security of its reserves, and
- the adequate liquidity of its investments, and
- the return on investment – the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

3.2. All investments will be made in Sterling.

3.3. The Department of Communities and Local Government maintains the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.

3.4. The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies.

3.5. The required level of Credit Rating for UK Banks and Building Societies is 'A' or above from Standard and Poor's or Moody's Investors Service Ltd or Fitch Ratings Ltd or the bank is registered with the Financial Services Authority and the Parish Council is otherwise satisfied as to its levels of capital and liquidity.

3.6. The Council will aim to only make investments in 'Specified Investments' as defined in 4,

below.

3.7. Investments should be spread over different providers where appropriate to minimise risk.

3.8. 'Non Specified Investments' may still be made in accordance with section 5, but should not be prioritised ahead of Specified Investments. Acceptable Non Specified Investments include:

- Investments with other bodies with high credit ratings.
- Longer term investment i.e. 12 months or more but which still offers the greatest security (such as a UK financial institution which offers the full £85,000 UK Financial Services Compensation Scheme).

4. SPECIFIED INVESTMENTS

4.1. Specified investments are those offering high security and high liquidity, made in sterling and with a right to repayment within 12 months. Such short term investments made with the UK Government or a local authority or town or parish council will automatically be Specified Investments.

4.2. For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:

- Deposits with banks, building societies, local authorities or other public authorities.
- Other approved public sector investment funds.

4.3. The choice of institution and length of deposit will be discussed at a Finance Committee meeting with prepared recommendations presented to a meeting of the Full Council for approval.

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

5. NON SPECIFIED INVESTMENTS

5.1. A non-specified investment is any financial investment that is not a loan and does not meet the criteria to be treated as a specified investment.

5.2. 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, without obtaining prior external professional investment advice.

6. NON-FINANCIAL INVESTMENTS

6.1. Non-financial investments are non-financial assets that the organisation holds primarily or partially to generate a profit. Where the Council holds a non-financial investment, it will normally be a physical asset that can be realised to recoup the capital invested. Given the unpredictability and uncertainty surrounding such investments the Council will not use this type of investment.

7. LIQUIDITY OF INVESTMENTS

7.1. The Parish Council, in consultation with the Responsible Finance Officer will investigate and prepare recommendations for a meeting of the Full Council to determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

7.2. Investments will be regarded as commencing on the date the commitment to invest is entered into rather than the date on which the funds are paid over to the counterparty.

8. LONG TERM INVESTMENTS

8.1. Long term investments are defined in the Guidance as investments where the Council has no contractual right to repayment within 12 months, either through the expiry term of the investment or through a non-conditional option.

8.2. The Council does not currently hold any funds in long term investments.

9. INVESTMENT STRATEGY 2025-26

9.1. For 2025-26 the Council will investigate investing only balances over £120,000 in low risk products in order to achieve its investment objectives.

10. END OF YEAR INVESTMENT REPORT

10.1. Investment forecasts for the coming financial year were accounted for when the budget was prepared. At the end of the financial year the Responsible Finance Officer will report on investment activity to the Policy & Resources Committee for an annual review prior to the Committee providing an advisory report to a meeting of the Full Council.

11. REVIEW AND AMENDMENT OF REGULATIONS

11.1. The Annual Investment Strategy must be reviewed annually and revised if considered necessary.

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