Investment Strategy 2026/27

1. INTRODUCTION AND STATUTORY CONTEXT

1.1. This Strategy has been prepared in accordance with the Statutory Guidance on Local Government Investments (3rd Edition) issued under Section 15(1)(a) of the Local Government Act 2003, and the requirements outlined in Section 12.3 of Highwood Parish Council's Financial Regulations.
1.2. The Guidance is mandatory where a parish council expects its total investments to exceed 100,000 GBP at any time during the financial year. Where a council expects total investments to be between 10,000 GBP and 100,000 GBP, it is encouraged by NALC and government practices to adopt the principles of the Guidance.
1.3. The Council acknowledges its responsibility to the community and the importance of prudently managing and safeguarding temporary surplus funds held on behalf of the community.

2. INVESTMENT OBJECTIVES

2.1. The Council's investment priorities, in order of absolute importance, are:

- SECURITY: Protecting the capital sum invested from loss or depreciation.
- LIQUIDITY: Ensuring that funds remain accessible to meet the Council's budgeted expenditure commitments as they fall due.
- YIELD: Achieving a competitive return on investments, but only after satisfying the core requirements of security and liquidity.

2.2. All investments will be made in Sterling.
2.3. The borrowing of monies purely to invest or lend and make a return is strictly prohibited.

3. SPECIFIED INVESTMENTS

3.1. Specified investments are those offering high security and high liquidity. They must meet all of the following criteria:

- Formed in Sterling.
- Have a maturity period of no more than 12 months.
- Are not defined as capital expenditure under relevant regulations.
- Placed with a body or investment scheme of high credit quality (e.g., the UK Government, a UK Local Authority, or a high-credit-rated commercial bank/building society).

3.2. The Council may utilize the following specified investment types:

- Instant access or short-term notice deposit accounts with clearing banks.
- High-credit-rated building societies.
- The CCLA Public Sector Deposit Fund.
- UK Treasury Bills or National Savings and Investments (NS&I) products.
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4. NON-SPECIFIED INVESTMENTS

4.1. Non-specified investments are any investments that do not meet the criteria for a specified

investment (such as those with a maturity exceeding 12 months or involving higher volatility).
4.2. Given the primary focus on security, the Council will generally avoid non-specified investments unless approved by a special resolution of the full Council following a thorough risk assessment and, if necessary, independent professional advice.
4.3. Any long-term investment (greater than 12 months) must be limited to a maximum cap of 50,000 GBP per institution to minimize concentration risk.

5. **RISK MANAGEMENT AND FINANCIAL COMPENSATIONS**
   5.1. The Council will manage risk by spreading its unallocated reserves across multiple institutions where appropriate, keeping in mind the Financial Services Compensation Scheme (FSCS) limit (currently 120,000 GBP per eligible institution).
   5.2. The Responsible Financial Officer (RFO) will regularly review credit ratings and financial news relating to the institutions where the Council holds deposits.

6. **LIQUIDITY AND CASH FLOW MANAGEMENT**
   6.1. The RFO will determine the Council's short-term and medium-term cash requirements by maintaining a cash flow forecast alongside the annual budget planning process.
   6.2. Funds will be structured so that a minimum operational reserve equivalent to 6 months of average council expenditure remains instantly accessible.

7. **APPROVAL, REPORTING AND REVIEW**
   7.1. All investment decisions and movements of funds must be made in the name of the Council and authorized in accordance with the Council's adopted Financial Regulations.
   7.2. All investment certificates and associated legal documents shall be securely held in the custody of the RFO.
   7.3. The RFO will provide a quarterly update to the Council on the performance and location of all invested funds.
   7.4. This Strategy will be reviewed by the full Council at least annually before the start of each financial year, or sooner if required by changes in statutory regulations or proper financial practice.

Date Adopted: 16th November 2026
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