

LITTLETON & HARESTOCK PARISH COUNCIL

INVESTMENT STRATEGY

Author: LHPC Clerk
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Planned Review: By April 2026

This investment strategy was adopted by the Parish Council at its meeting held on 12th May 2025.

1 INTRODUCTION

- 1.1 The Investment of surplus funds by local authorities is governed by the Local Government Act 2003, section 15(1)(a) and Guidance issued by the Secretary of State under that Act.
- 1.2 The guidance issued by the Secretary of State applies to Parish Councils providing the total investments exceed or are expected to exceed £100,000 at any time during the financial year. Where the total investments are between £10,000 and £100,000, it is encouraged to adopt the principles in the guidance.
- 1.3 The Guidance recommends that a council produces an Annual Investment Strategy which sets out its policy for managing the investments and giving priority to liquidity and security.
- 1.4 A 'Specified Investment' is one which is made in sterling, is not long term (less than 12 months) not defined as capital expenditure and is placed with a body which has a high credit rating or is made with the UK Government, a UK Local Authority or a parish or community council.
- 1.5 Any other type of investment is considered 'Non-Specified Investment' to which there can be greater risk and where professional investment advice might be required.
- 1.6 Local authorities should keep strategies simple and maintain prudence at all times.

2 STRATEGY

Littleton & Harestock Parish Council (the Council) has adopted the following:

- 2.1 The Council acknowledges the importance of prudently investing its temporary surplus funds held on behalf of the community.
- 2.2 The Council's priorities are and will be centred on the security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed) of its reserves.
- 2.3 The Council adopts the Secretary of State's Guidance in relation to council investment in full as specified in "Statutory Guidance on Local Government Investments 3rd Edition applicable from 1st April 2018.
- 2.4 The Council will carry out an annual cash flow forecast to ascertain expenditure commitments for the coming financial year.
- 2.5 Based on that cash flow forecast, to invest only in:
 - 'Specified Investments' and/ or in
 - 'Non-Specified Investments' including longer-term investments, i.e. 12 months or more, but which still offer the greatest security (such as a UK financial institution which offers the full £85,000 UK Financial Services Compensation Scheme)
 - bodies with high credit ratings.

- 2.6 To spread its investments in order that all sums are protected by the Financial Services Compensation Scheme (FSCS)
- 2.7 To review investments at least annually.
- 2.8 The council will monitor changes in UK interest rates, and it may be appropriate on occasions for the council to consider replacing one of the existing savings accounts with a higher paying account that is available to Parish Councils at the time.

3 2025-26 Financial Year Planning

- 3.1 According to the approved budget for 2025-26, the anticipated spending will be covered by the income (precept, interest and invoices to third parties) with the addition of £17,820 from earmarked reserves.
- 3.2 All Parish Council investments are either covered by the full £85,000 UK Financial Services Compensation Scheme or have the protection of the HM Treasury (NS&I Account), and therefore it is not necessary to identify other investments to ensure the public money received by the council is properly protected.
- 3.3 In 2024, the Parish Council opened a Redwood Bank Account and has moved reserves of £80,000 to benefit from the 4% interest rate. The interest rate of only 1% at the NS&I is rather low, and the council could consider selecting a different investment account that meets the strategy described above. Alternatively, they could consider transferring money from the NS&I account to other accounts held by the Parish Council, which have better interest rates.

4 Revision History

Table 1: Revision History

Version (major.minor)	Date	Author	Modifications made
Draft 0.1	30 th April 2025	LF	Draft based on the 2024 Investment Strategy.
Approved 1.0	12 th May 2025	LF	Addition of interest rates for bank accounts. Adopted by LHPC at its meeting on 12th May 2025.

Note: The revision number should be updated every time this document is modified; significant changes should result in the major number being updated, and any other minor changes should result in the minor number being updated.

Appendix A: List of Parish Council Investment and Current Accounts

Funds held by the Parish Council on behalf of the community are held in the following accounts:-

- National Savings Investment Account. Interest rate at 31st Mar 25 – 1%
The NS&I is backed by HM treasury, therefore, the full investment in the National Savings Investment Account is protected. One month's notice is required for withdrawals.
- Nationwide Building Society. Interest rate at 31st Mar 25 – 2%
Protected by the £85,000 UK Financial Services Compensation Scheme.
- Lloyds Treasurer Account (Not an interest bearing account)
Protected by the £85,000 UK Financial Services Compensation Scheme.
- Lloyds Business Instant Access Account. Interest rate at 31st Mar 25 – 1%
Protected by the £85,000 UK Financial Services Compensation Scheme.
- Redwood Bank 35-day Business Saving Account – Interest rate at 31st Mar 25 – 4%
Protected by the £85,000 UK Financial Services Compensation Scheme.

The Bank of England Base Rate on 31st March 2025 was 4.5%