INVESTMENT POLICY

*As re-adopted at a meeting of Stondon Parish Council on **29th October 2025***

CONTENTS

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DOCUMENT AMENDMENT HISTORY

Revision No.	Originator of change	Date of change	Change Description
V1.0	Clerk	May 2019	Initial policy development
V1.1	Clerk	June 2022	Change to include a greater range of savings and investment options
V2.0	Clerk	29/10/2025	Expansion of the Investment Policy Objectives, addition of Key Legislation and Guidance governing investments, Specified and Non-Specified Investments, Liquidity Investments, Long Term Investments, End of Year Investment Report and Policy Review schedule.

1. INTRODUCTION

1.1. Stondon Parish Council (the 'Council') current account(s) shall be maintained with a UK clearing bank. The combined total of current account balances shall not exceed £60,000 at any one time unless payments in excess of this amount are due to be made.

1.2. The Council acknowledges its responsibility to the community and the importance of prudently investing any reserves held by the Council.

1.3. The Local Government Act 2003, section 15(1), requires a local authority to have regard:

(a) to such guidance as the Secretary of State may issue, and
(b) to such other guidance as the Secretary of State may by regulations specify.

1.4. This Investment Policy complies with the Department for Communities and Local Government (DCLG) Guidance on Local Government Investments 2010.

2. KEY LEGISLATION & GUIDANCE GOVERNING INVESTMENTS

2.1. **Local Government Act 2003** - the Council will have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify.

2.2. **Local Government Act 2003 (England & Wales) – Section 12 Investment power** - A local authority may invest — (a) for any purpose relevant to its functions under any enactment, or (b) for the purposes of the prudent management of its financial affairs.

2.3. **Levelling Up & Regeneration Act 2023** - includes risk-mitigation directions under section 12A.

2.4. **Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (amended) & the recent 2025 amendment -** the regulations govern accounting and capital finance aspects (treatment, risk disclosure, and classification of "non-specified" investments) of local authority investments.

2.5. The **2025 Amendment Regulations** extend certain accounting provisions (i.e. Reg 30K regarding fair value gains/losses of pooled investment funds) to 2029.

2.6. **Local Government Act 1999 – Section 1** – Best Value Principles - The duty for authorities to act with economy, efficiency and effectiveness under Best Value means investment decisions must be sound, justified and aligned with the Council's overarching goals.

2.7. **CIPFA Treasury Management Code:** "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" 2021 Edition.

2.8. **CIPFA Prudential Code:** "The Prudential Code for Capital Finance in Local Authorities, 2017 Edition".

3. INVESTMENT POLICY OBJECTIVES

3.1. The general policy objective of the Council is a prudent investment of its balances.

3.2. The Council's investment priorities are:

3.2.1. the security of reserves and then

3.2.2. liquidity of investments

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

3.4. All investments will be made in Pound Sterling, using only deposit or bond accounts covered by the Financial Services Compensation Scheme and sums invested will be kept within the sum guaranteed by the FSCS.

3.5. The DCLG maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Council will not engage in such activity. The Council will refer to CIPFA Prudential Code for Capital Finance in Local Authorities (2009) when considering the investment of monies borrowed in advance of need.

3.6. Where external treasury management advisers are used, they will be contractually required to comply with this policy and their engagement will only be approved by Council following a review of CIPFA guidance 'Treasury Management Advisors —Regulation and Services' March 2010 or as amended.

3.7. The Council will consider credit ratings as part of its credit risk management process and will review these ratings at bi-annual intervals.

3.8. The Council will also consult its NALC County Association Adviser on the development of any credit risks known to them prior to authorising investments.

3.9. The Council will review and respond to the investment management training needs of its Responsible Financial Officer (RFO) to ensure that the post holder is appropriately equipped to advise the Council on relevant matters.

4. INVESTMENT POLICY IMPLEMENTATION

4.1. The Council shall diversify its reserves between multiple relatively highly rated UK banks and building societies by appointing Charities, Churches and Local Authorities Investment Management Ltd (CCLA), for the investment of surplus or reserve funds.

4.2. Balances in excess of £100,000 can be placed in fixed-term deposit accounts with the Council's main banker or another UK clearing bank, subject to the following conditions:

4.1.1 The amount to be placed on fixed-term deposit is not less than £25,000.

4.1.2 The funds will not be required during the period of the withdrawal limits.

4.1.3 The term of the deposit will be commensurate with the purpose of the reserve funds.

4.1.4 The likely return will exceed that of any other savings vehicle.

4.3. The recommendation to place any deposits in an investment fund must be proposed by the Finance Committee, or in the absence of the committee, by the Responsible Financial Officer and approved by the Council.

4.4. Balances in excess of £500,000 may be considered for investment in gilts, equities, property and other investment vehicles if such funds will not be required during the following twelve-month period.

4.5. The Council shall only invest with banks/building societies which it defines as "High Credit Quality". These are those with a credit rating of A with Moody's Investors Service or BBB with Standard and Poor's or Fitch Ratings Ltd.

4.6. Investments shall be decided and placed by the Finance Committee or, in the absence of the committee, the Responsible Financial Officer, having used due diligence including, as a minimum, finance search engines and/or rating agencies.

4.7. The actual movement of money shall be by the authorised signatories, including the Clerk/RFO or Officer of the Council and duly authorised Councillors.

4.8. The procedure for undertaking investments, considering the need for timely and speedy placing of deals, shall be documented by the Responsible Financial Officer and approved by the Full Council.

4.9. The Responsible Financial Officer shall review credit ratings of organisations in which the Council holds investments on an annual basis. Should the credit rating of an organisation fall below that specified, the Responsible Financial Officer shall consult the Finance Committee, or in the absence of the committee, the Council and take the appropriate action.

5. SPECIFIED INVESTMENTS

5.1. Specified Investments are those offering high security and high liquidity, made in sterling and with a maturing of no more than a year. Such short-term investments made with the UK Government or a local authority or town or parish council will automatically be Specified Investments.

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

a) Deposits with UK banks and building societies that are authorised and regulated by the Prudential Regulation Authority (PRA), or local authorities or other public authorities that are managed through the HM Treasurer's UK Debt Management Office, and are
b) guaranteed by the Financial Services Compensation Scheme (FSCS) with funds deposited being kept within the specified guaranteed sum (currently £85,000 per person per financial institution for eligible deposits).

6. NON-SPECIFIED INVESTMENTS

6.1. These investments have greater potential risk —examples include investment in the money market, stocks and shares.

6.2. Given the unpredictability and uncertainties surrounding such investments, this Council will not use this type of investment.

7. LIQUIDITY OF INVESTMENTS

7.1. The RFO will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity and will seek the approval of the Council prior to the re-investment of funds upon maturity.

7.2. Investments will be regarded as commencing on the date the commitment to invest is entered into, rather that the date on which the funds are paid over to the counter party.

8. LONG TERM INVESTMENTS

8.1. Long-term investments are considered by the Council as any investment other than:

(a) one which is due to be repaid within 12 months of the date on which the investment was made or

(b) one which the local authority may require to be repaid within that period.

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

8.3. No long-term investments (12 months +) are envisaged during the current financial year.

9. END OF YEAR INVESTMENT REPORT

9.1. Investment forecasts for the coming financial year are to be accounted for when the budget is prepared.

9.2. At the end of the financial year, the RFO will report on investment activity to the Council.

10. REVIEW AND AMENDMENT OF POLICY

10.1. This Policy will be reviewed annually for the coming financial year, will be prepared by the RFO and presented for approval by Council.

10.2. The Council reserves the right to make variations to this Policy at any time. Any variations will be made available to the public.