

Thornham Parish Council

Investment Policy

1. Purpose

The purpose of this Investment Policy is to provide a framework for the prudent management of the Council's surplus funds and reserves. The Council will manage its investments in accordance with relevant legislation and statutory guidance, ensuring that the security of public funds remains paramount.

2. Scope

This Policy applies to all cash balances, earmarked reserves, general reserves and short-term investments held by Thornham Parish Council.

3. Investment Objectives

The Council's investment priorities shall be:

1. **Security** – safeguarding the capital sum invested.
2. **Liquidity** – ensuring sufficient funds are available to meet the Council's financial obligations as they fall due.
3. **Yield** – obtaining an appropriate return on investments, consistent with the objectives of security and liquidity.

These objectives shall be considered in the order listed above.

4. Permitted Investments

The Council may invest funds in the following types of investments:

- Instant access deposit accounts with UK banks and building societies.
- Notice deposit accounts with UK banks and building societies.
- Short-term fixed-term deposit accounts, with a maximum investment period of [insert period].
- Qualifying Money Market Funds (QMMFs) and Low Volatility Net Asset Value (LVNAV) funds, including the CCLA Public Sector Deposit Fund, subject to review of the relevant Key Information Document (KID), prospectus and risk information.
- UK Government or Treasury-backed deposit facilities, where available.

The Council will not invest in equities, property funds, derivatives, cryptocurrencies or other speculative investments.

5. Investment Limits and Diversification

To reduce risk and maintain adequate liquidity:

- No more than **£25,000** shall be invested with any single institution without prior approval of the Council.
- A minimum operational balance of **£35,000** shall be maintained in an instant access account to meet routine expenditure and unforeseen financial commitments.
- Investments shall be diversified where practical to minimise counterparty risk.

6. Counterparty Selection

The Responsible Financial Officer (RFO) shall place funds only with institutions that meet appropriate financial and creditworthiness criteria.

As a minimum, institutions should hold a short-term credit rating of **F1 (Fitch)** or equivalent, or otherwise be approved by the Council.

The RFO shall monitor the financial standing of approved institutions and take appropriate action if there is a significant deterioration in credit quality, financial stability or governance.

7. Delegation and Authority

The Responsible Financial Officer is authorised to invest and redeem funds within the limits set out in this Policy and the Council's Financial Regulations.

Any individual investment or placement exceeding **£25,000** shall require prior approval by the Council.

8. Monitoring, Reporting and Review

The Responsible Financial Officer shall report to the Council at each ordinary meeting on:

- Current investments and balances held.
- Interest rates achieved and income earned.
- Investment maturities and liquidity position.
- Any changes affecting the security of invested funds.

An annual investment report shall be presented to the Council.

This Policy shall be reviewed annually or sooner if there are significant changes in legislation, statutory guidance or financial market conditions.

9. Compliance

The Council shall have regard to the relevant statutory guidance on local government investments and shall ensure that all investment decisions are prudent, proportionate and in the best interests of the community and local taxpayers.