**NORTH MUNDHAM PARISH COUNCIL**

**Investment Strategy**

1. **Introduction**

North Mundham Parish Council (the Council) acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community. This strategy complies with guidance issued by the Secretary of State under section 15(1) (a) of the Local Government Act 2003.

1. **Investment Objectives**

The general policy objective for the Council is the prudent investment of its balances. The Council’s investment priorities are:

a) The security of its reserves

b) The liquidity of its investments

c) The yield obtained from any investment

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

All investments will be made in sterling.

1. **Specified Investments**

Specified investments are those offering high security and high liquidity, made in sterling and with maturity of no more than a year. Such short-term investments made with the UK Government or a Local Authority (as defined) or a Town/Parish Council will automatically be specified investments.

For the prudent management of its treasury balances, the Council may use:

* Deposits with banks, building societies, local authorities or public authorities
* Treasury deposits with UK clearing banks
* Money market funds
* UK Government issued gilts
* Other approved public sector investment funds

The choice of institution and length of deposit will be at the approval of the Full Council.

1. **Non-Specified Investments**

These investments have greater potential risk and are usually for longer periods and with bodies that are not as highly credit rated. Examples include investment in money markets, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council **will not** use this type of investment.

1. **Liquidity of Investments**

The Responsible Financial Officer, in consultation with the Full Council, will determine the maximum periods for which funds may be prudently committed so as not to compromise liquidity.

1. **Long Term Investments**

Long term investments shall be defined as greater than one year. The Council does not currently hold any long-term investments but maintains a reserves deposit account with CCLA and Charity Bank.

1. **Risk Assessment**

The Parish Council’s reserve funds held in Charity Bank are covered by the Financial Services Compensation Scheme up to the £85k limit, the remaining balance is not and must therefore be carefully managed to mitigate the risk of loss.

To reduce risks, funds should be held in more than one organisation/fund. The Council will only invest in institutions of “high credit quality”. The Council will monitor the risk of loss on investments by reference to credit ratings. The Council will also have regard for the general and political environment in which institutions operate.

The investment position will be reviewed by the Responsible Financial Officer and reported to the Full Council.

The Council does not employ, in-house or externally, any financial advisors but will rely on information which is publicly available.

1. **Investment Strategy 2022-2023**

The Council will invest as much of its balance as possible in a low-risk product in order to achieve its investment objectives.

If the total balance held in any account reaches the maximum protected under the FSCS (currently £85,000) the Budget Working Party will consider the associated risk and make recommendations to mitigate this (i.e. move funds to an appropriate account to reduce the balance) to the full Parish Council for approval.

The Public Sector Deposit Fund - CCLA has been identified as a low risk, high liquidity option. Funds can be moved in or out on the same day and it has an AAA credit quality and sensitivity rating by Fitch. This will be used as an option to reduce balances over £85,000.

The remaining reserve balances will continue to be invested in the Charity Bank account unless this balance reaches £85,000 at which point it will be considered by the Budget Working Party members. This review will also consider the potential to invest in less liquid options for longer timeframes for those reserves identified as not being required in the short term.

The operational funds (Parish Council and Village Hall accounts) will remain in a current account with Unity Bank. The balance of the two accounts will be monitored against the FSCS protection limits and if breached appropriate action will be considered.

Any major income during the year for example through S106 or CIL will be considered by the Budget Working party and invested appropriately in line with this strategy and taking account of the investment objectives in section 2.

The Parish Clerk shall have delegated authority (as contained within the Financial Regulations) to set up any accounts/funds as approved in this policy, and undertake transfers between the existing accounts and the PSDF (CCLA) or Charity Bank as required.

1. **Review and Amendment of Regulations**

The investment strategy will be reviewed annually by Budget Working party and revised if considered necessary and presented to Full Council for approval. The Council reserves the right to make variations to the investment strategy at any time subject to the approval by Full Council. Any variations will be made available to the public.

1. **Freedom of Information / Transparency**

In accordance with the Freedom of Information Act 2000, this document will be posted on the Council’s website and a hard copy will be available from North Mundham Parish Council offices

Date of Review: November 2023