Little Downham Parish Council

Investment Policy

1. Introduction

This Investment Policy is prepared in accordance with the statutory guidance issued under the Local Government Act 2003 and applicable regulations. It sets out the framework for managing the Parish Council's investments, ensuring security, liquidity, and yield (in that order of priority).

2. Purpose

The purpose of this policy is to:

- Comply with statutory requirements.
- Ensure prudent management of surplus funds.
- Achieve the best possible return consistent with proper levels of security and liquidity.

3. Scope

This policy applies to all investments held by Little Downham Parish Council, excluding treasury management activity undertaken under separate arrangements, if any.

4. Investment Objectives

The Council's investment priorities are:

1. **Security** – the protection of the capital sum invested.
2. **Liquidity** – ensuring funds are available when needed.
3. **Yield** – the return on investment.

5. Types of Investments

Permitted investment instruments include:

- UK bank or building society deposit accounts.
- Public Sector Deposit Fund or similar FCA-regulated money market funds.
- UK Government securities.
- National Savings and Investments (NS&I) products.

Speculative or high-risk investments are strictly prohibited.

6. Risk Management

The Council will only invest in institutions that are:

- Regulated by the Financial Conduct Authority (FCA).
- Covered by the Financial Services Compensation Scheme (FSCS) where appropriate.
- Rated appropriately by recognized credit rating agencies (if applicable).

7. Liquidity Management

The Responsible Financial Officer (RFO) will ensure sufficient liquidity by maintaining a rolling cash flow forecast and retaining adequate funds in current or short-term accounts.

8. Investment Periods

Investments will typically not exceed 12 months unless specifically approved by the Council and in accordance with long-term cash flow forecasts.

9. Reporting and Review

The RFO will:

- Provide an annual report to the Council on investment performance.
- Recommend policy updates as needed.
- Maintain an investment register.

This policy will be reviewed annually and approved by the Council.

10. Delegation and Responsibilities

The day-to-day management of investments is delegated to the RFO, who must comply with this policy. Any deviation must be reported to the Council.

Approved by Little Downham Parish Council on 12th May 2025

Signed: _____
Chairman

Signed: _____
Responsible Financial Officer