

## LAVERSTOCK & FORD PARISH COUNCIL

### Report for Agenda Item 26.030 Review of Annual Investment Strategy

**Subject:** Review of Annual Investment Strategy

**Date:** 14<sup>th</sup> March 2026

**Author:** Andrew Prince, RFO

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#### 1. Report Summary.

- 1.1 This report explains the context and reason for the Annual Investment Strategy and recommends that it is approved by Full Council for the Financial Year 2026-2027.

#### 2. Background.

- 2.1 The Local Government Act 2003 authorises the Secretary of State for the Ministry of Housing, Communities and Local Government to issue instructions and regulations on how Local Authorities manage their finances.
- 2.2 The Secretary of State has issued the 3rd edition of the [Statutory Guidance on Local Government Investments](#) effective from 1st April 2018. The Guidance applies to all local authorities in England and is mandatory for any authority having investments in excess of £100,000.
- 2.3 The guidance requires a local authority to prepare an Investment Strategy that shall be reviewed and approved by Full Council prior to the start of the financial year.
- 2.4 The Strategy was discussed by the Finance & General Purposes Committee but a recommendation was deferred until the RFO could clarify the rating of the CCLA Public Sector Deposit Fund. The Fitch AAA rating has been confirmed.

#### 3. Summary of Annual Investment Strategy

- 3.1 The Annual Investment Strategy 2025 is attached in full at Annex 1 to this report. This is a summary.
- 3.2 Government Guidance requires the Council to have two primary objectives in its investment strategy. **Security**, to protect the capital sum invested from loss, and **Liquidity**, to ensure that funds invested are available for expenditure when needed. The generation of **Yield** is a separate objective and will only be considered when proper levels of security and liquidity have been met. **'When entering into treasury management investments, the Council should consider security, liquidity and yield in that order of importance.'**

- 3.3 Government Guidance defines three types of investment. **Specified Investments, Loans and Non-specified Investments.**
- 3.4 **Specified investments** shall meet the following criteria.
- The investment shall be denominated in sterling.
  - The investment shall be repayable within 12 months or sooner if the requirements of liquidity demand.
  - The investment shall only be with high credit quality bodies being those with an A rating by Moody's Investors Ltd or an AAA rating by Standard and Poor's or Fitch Ratings Ltd. These include the four major UK banks and the Public Sector Deposit Fund managed by CCLA.
- 3.5 **Loans.** The Council shall not lend funds as part of its Investment Strategy. Any change to this policy shall require an amendment to this Strategy approved by the Full Council.
- 3.6 **Non-specified Investments.** A non-specified investment is one that does not meet the criteria listed at 3.2. This includes the Local Authorities' Property Fund managed by CCLA. The Council is not currently classified as an eligible authority for this fund. The Council shall not invest in the Local Authorities' Property Fund or any other non-specified investment. Any change to this policy shall require an amendment to this Strategy approved by Full Council and shall require a detailed analysis of the balance between increased risk and increased yield.

#### **4. Recommendation.**

- 4.1 That the Council approve the Annual Investment Strategy for the Financial Year 2026-2027.

## ANNEX 1 LAVERSTOCK & FORD PARISH COUNCIL

### ANNUAL INVESTMENT STRATEGY 2026

Year	Record of Reviews/Approvals	Review/Approved by	Date
2022	First adopted and approved	Full Council	16 <sup>th</sup> May 2022
2023	Reviewed with no changes	FGP Committee	12 <sup>th</sup> Dec 2023
2025	Reviewed with no changes Approved	FGP Committee Full Council	7 <sup>th</sup> Jan 2025 20 <sup>th</sup> Jan 2025
2026	Reviewed no changes & Approved	Full Council	16 <sup>th</sup> Mar 2026

#### 1. Introduction

1.1 This document replaces the Treasury and Investment Policy dated 19<sup>th</sup> February 2018. It was originally given Full Council approval on 16<sup>th</sup> May 2022. It will be reviewed and approved annually by Full Council before the start of each financial year.

1.2 The Strategy is prepared in accordance with Statutory Guidance on Local Government Investments issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003. 3<sup>rd</sup> edition for financial years commencing on or after 1<sup>st</sup> April 2018. Local authorities are required to have regard to such guidance. The guidance applies to parish councils in England whose total investments exceed £100,000 at any time during the financial year.

#### 2. Security, Liquidity and Yield

2.1 Government Guidance states that the investment policy will have two underlying objectives. **Security**, to protect the capital sum invested from loss and **Liquidity**, to ensure that funds invested are available for expenditure when needed.

2.2 The generation of **Yield** is distinct from these two objectives. It will not be ignored but will only be considered when proper levels of security and liquidity are determined.

#### 3. Financial Investments

3.1 There are three types of Investments. **Specified Investments, Loans and Non-specified Investments.**

3.2 **Specified Investments** shall meet the following criteria.

- The investment shall be denominated in sterling.

- The investment shall be repayable within 12 months or sooner if the requirements of liquidity demand.
- The investment shall only be with high credit quality bodies being those with an A rating by Moody's Investors Ltd or an AAA rating by and Poor's or Fitch Ratings Ltd. These include the four major UK banks and the Public Sector Deposit Fund managed by CCLA.

3.3 **Loans.** The Council shall not lend funds as part of its Investment Strategy. Any change to this policy shall require an amendment to this Strategy approved by the Full Council.

3.4 **Non-specified Investments.** A non-specified investment is one that does not meet the criteria listed at 3.2. This includes the Local Authorities' Property Fund managed by CCLA. The Council is not currently classified as an eligible authority for this fund. The Council shall not invest in the Local Authorities' Property Fund or any other non-specified investment. Any change to this policy shall require an amendment to this Strategy approved by Full Council and shall require a detailed analysis of the balance between increased risk and increased yield.

#### 4. Risk Assessment

4.1 Before recommending a change to this strategy to Full Council, any investment that falls outside the definition of a Specified Investment shall be subject to a risk assessment carried out by the Responsible Financial Officer and a working group of at least two Councillors.

#### 5. Process

5.1 An application to commence an investment with a new body that complies with the definition of a Specified Investment shall be approved by the Finance and General Purposes Committee and authorised by three Councillors in accordance with the Council's current bank mandate.

5.2 Transfers of funds within the Council's current bank accounts and between approved bodies and this bank account is delegated to and can be authorised by any one authorised administrator or signatory. Authorised administrators and signatories will be the Responsible Financial Officer, the Clerk and the Deputy Clerk.

#### 6. Review and Revision

6.1 Any revisions of this Strategy shall be approved by the Full Council.

6.2 The Finance and General Purposes Committee shall review this Strategy annually and recommend any proposed changes to Full Council prior to commencement of the new financial year.

