

# Mudford Parish Council

## Investments Policy

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### 1. Introduction

This policy is created under guidance issued by the Secretary of State for Housing, Communities and Local Government in accordance with the Local Government Act 2003. The extant guidance was issued by MHCLG in 2018.

Mudford Parish Council acknowledges its responsibility to the community and the importance of prudently investing any reserves held by the council.

### 2. Objectives

The general investment objective of the Council is the prudent management of its balances. The Council's investment priorities are:

- Security of reserves
- Liquidity of investments

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

The Council aims to place as much of its funds as possible into high-interest savings accounts, provided these meet security and liquidity requirements.

### 3. Investment Policy

The Council shall only invest in UK bank and building society accounts that are protected by the Financial Services Compensation Scheme (FSCS). Funds held in any single institution must not exceed the FSCS protection limit, currently £85,000.

The Council shall diversify its reserves between multiple institutions to maintain full FSCS protection across all holdings.

A significant proportion of the Council's reserves may be placed in interest-bearing term or notice deposit accounts, subject to liquidity needs and FSCS eligibility.

Investments will be phased to ensure that some funds mature earlier to maintain liquidity.

No single investment shall exceed a term of 12 months.

The Parish Clerk, as the Responsible Financial Officer (RFO), shall conduct due diligence before placing any investments.

The movement of money will be carried out by the Parish Clerk and the Council's authorised signatories, in accordance with the Council's financial procedures.

The Parish Clerk shall review FSCS eligibility of institutions in which the Council holds funds on a quarterly basis and take appropriate action if risk status changes.

#### **4. Investment of Current Year Funds**

The Parish Clerk may transfer a portion of current year funds into instant-access, interest-bearing savings accounts, as long as FSCS protection is maintained.

The minimum balance to be retained in the Council's current account shall be reviewed regularly by the Parish Clerk and maintained appropriately.

The Council may use the CCLA Public Sector Deposit Fund, provided it maintains appropriate credit ratings and FSCS protection (if applicable).

#### **5. Revision**

Any revisions to this policy must be approved by the Full Council.

The Parish Clerk shall review this policy annually and recommend any changes to Full Council before the start of the new financial year.

This policy shall also be reviewed if:

- The Bank of England base rate exceeds 3%; or
- FSCS protection is extended or altered in a way that affects council funds.

This policy was adopted by the Council at its meeting held on 29<sup>th</sup> May 2025.

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Chair