



## Heckington Parish Council INVESTMENT STRATEGY

### 1. Introduction

This strategy establishes formal objectives, practices and reporting arrangements for the effective management and control of the Council's capital, any reserves, and the associated risks.

Heckington Parish Council acknowledges the importance of wisely investing surplus public funds as part of its duty to have the highest standard of care for precept payers' money.

This Strategy complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments and takes into account;

- Section 15 (1) (a) of the Local Government Act 2003
- Statutory Guidance on Local Government Investments (3rd Edition)
- Guidance within Governance and Accountability for Smaller Authorities Practitioner's Guide March 2025.

The Local Government Act 2003 states that a local authority may invest:

- for any purpose relevant to its functions under any enactment;
- for the purpose of prudent management of its financial affairs;

The Council defines its financial management activities as:

**“the effective and safe management of the Council's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks.”**

---

### 2. Investment Objectives

The Council's investment priorities are:

1. **Security** – to secure reserves (both general and earmarked) to ensure that money held is protected and to minimise loss.
2. **Liquidity** – adequate liquidity of its investments to ensure money is available when it is needed and not locked away for lengthy periods with or without financial penalties.
3. **Yield** – the Council aims to obtain and achieve the best rates of interest on any investment whilst ensuring any investment is low risk.

All investments will be made in pounds sterling (£).



4. The Department for Levelling Up, Housing and Communities (DLUHC), formerly the Ministry for Housing, Communities and Local Government (MHCLG) maintains that the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.
  5. The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies (e.g. Standard & Poor's Global Ratings (S&P), Moody's, and Fitch).
- Investments will be balanced over more than one provider or more than one portfolio (where appropriate) in order to minimise risk of financial loss. No more than £85k will be invested with any single institution.
- 

### **3. Short Term/Specified Investments**

Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year.

The Council, for the effective prudent management of its treasury balances, may use:

- Treasury Deposits with UK clearing banks
- Local Authorities or other Public Authorities
- Local Authority Investment Schemes - Local Authority Investment Trust (LAMIT)
- Other approved public sector investment funds (i.e. CCLA)

The choice of institution and length of deposit will be at the approval of the Administration Committee and ratified by full Council.

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

---

### **4. Non-Specified Investments**

These investments have greater potential risk – examples include investment of funds in:

- the money market
- stocks and shares

Given the unpredictability and uncertainty surrounding such investments, the Town Council will generally not use this type of investment.

Any such investment will be subject to specific consideration and approval by Full Council

---



## 5. Long Term Investments

Long Term Investments are defined in Guidance as being greater than 36 months. The Council will only consider investing funds in long term investments to a maximum of 60 month and such investment will be subject to specific consideration and approval by the Parish Council.

---

## 7. Reporting

- The RFO will report investment performance to Council at least quarterly.
  - The Investment Strategy will be reviewed and approved annually and published on the Council's website.
- 

## 8. Heckington Parish Council Financial Arrangements

For 2025/26, Heckington Parish Council seeks to invest as much of its balance as possible in a low-risk product; a deposit account with Lloyds Bank for the receipt of the precept and other larger sums of money to maximise the amount of interest accrued. The funds are held in the deposit account along with all reserves until required, when small sums as required are transferred to the current account. The Responsible Finance Officer shall have delegated authority to make all necessary transfers between the accounts as required.

For day to day banking, Heckington Parish Council has a current account with Lloyds Bank.

Date approved	Version Number	Revision/Amendments made	Review date (annually)
28.1.26	V1.0	New Policy	May 2026