Denham
PARISH COUNCIL

Investment Strategy 2025-2026

INTRODUCTION

This investment strategy establishes formal objectives, policies, practices and reporting arrangements for the effective management and control of the Denham Parish Council's treasury management activities and the associated risks. It should be read in conjunction with the Council's Financial Regulations. Denham Parish Council (DPC) acknowledges its duty of care to the community and the prudent investment of funds. This strategy and policy document relates to the management of DPC reserves.

RELEVANT REGULATIONS AND GUIDANCE

The Local Government Act 2003 Section 12 provides the power to invest (a) for any purpose relevant to its functions under any enactment or (b) for the purpose of the prudent management of its financial affairs. Section 15(1) of the Act requires a local authority to have regard to guidance issued by the Secretary of State.

Current applicable national guidance applies to councils with total investments over £100K and requires the adoption and publishing of Investment Strategies which set out the risk profile of the PC's investments and how investment returns will contribute to service delivery. Councils are required to demonstrate that members and officers have the capacity and skill to enable them to take informed decisions. This policy also complies with the expectations of the Governance and Accountability for Local Councils Practitioners Guide 2024.

RESERVES

It is unlawful for Parish Councils to operate in overdraft. The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure, but at the same time Councils have no legal power to hold reserves other than those for reasonable working capital needs or for specifically earmarked purposes. General (unrestricted) reserves can be used to smooth the impact of uneven cash flows or can be held in case of unexpected events or emergencies.

INVESTMENT OBJECTIVES

The Council's investment, in priority order, the security of its funds, the adequate liquidity of its investments, and the return on investment - the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity

The choice of investment will ensure that both credit rating and investment spread over different providers require they are reviewed regularly to ensure that the council only invest in institutions of high credit quality, based on information from credit rating agencies and spread over different providers to minimise risk.

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. Such short-term investments made with the UK Government or a Local Authority or a Town/Parish Council will automatically be Specified Investments. The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

NON-SPECIFIED INVESTMENTS

These investments have greater potential risk – examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainty surrounding such investments **the Council will not use** this type of investment.

SECURITY OF INVESTMENTS

The Parish Council will seek to protect funds from loss, in these ways: All investment and deposits will be with schemes of high quality, which may include the UK Government, UK Financial Services Compensation Scheme (FSCS)-registered financial institutions, or via another local authority. All investments, deposits and interest will be in £ sterling. To minimise financial risk, fixed-term investments will be made exclusively via FSCS -guaranteed £85,000 maximum financial products, with checks to ensure that no more than the FSCS permitted maximum total deposit is made with any one financial entity. The choice of investment institutions/products will be subject to due diligence review, referring to relevant sources of financial, economic and ratings information. Monitoring procedures will include regular checks to ensure compliance with these policy lines.

LIQUIDITY OF INVESTMENTS

The Council in consultation with the Finance committee, in consultation with the Chair and the Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity. Investments will be regarded as commencing on the date the commitment to invest has been made.

YIELD

When deciding where to hold surplus funds, the Council will consider what yields are available. It will seek to maximise yield if the prudential objectives of security and liquidity are met.

INVESTMENT STRATEGY 2025 - 2026

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

END OF YEAR INVESTMENT REPORT

Investment forecasts for the coming year are considered when the budget is prepared. At the end of the financial year the Responsible Finance Officer will report on investment activity to the Council.

REVIEW AND AMENDMENT OF REGULATIONS

The Investment Strategy must be reviewed annually and revised if considered necessary. Any changes will be referred through to the Finance Committee and approved by Council. The Council reserves the right to make variations to the Investment Strategy at any time subject to Council approval.

TRANSPARENCY and ACCOUNTABILITY

This document will be posted on the Council's website: www.denhambucks-pc.gov.uk

Derek Wilson

Executive Clerk and RFO
April 2025