

Bredhurst Parish Council

Investment Strategy Policy



Adopted: October 2026

1. Introduction

Bredhurst Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

Section 50 of the Local Government Finance Act 1992 requires that Local Councils have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement.

Section 12 of the Local Government Act 2003 permits local authorities to invest for any purpose relevant to their functions or for the prudent management of their financial affairs.

2. Scope and Purpose of this Strategy

This document explains how BPC looks after its money and sets out the management of its investments and reserves. It ensures that capital money is protected, funds are available when required for approved projects, and a modest return is achieved without undue risk. The Council ensures that all funds are allocated, designated, or reserved for identifiable purposes.

3. Legal and Regulatory Framework

This strategy complies with:

- Accounts and Audit Regulations 2015
- Statutory Guidance on Local Government Investments (3rd Edition, 2018)
- NALC Model Financial Regulations (England) 2025
- Practitioners Guide – latest version

4. Investment Objectives (SLY Framework)

- a. Security – Protection of the capital sum (highest priority)
- b. Liquidity – Ensuring funds are available when needed
- c. Yield – Achieving a reasonable return without compromising security or liquidity

5. Investment Rules

The Parish Council will adopt a prudent approach to investment and will not place public funds in high-risk investments. Sufficient funds will be retained in instant-access current account to meet operational cash flow requirements.

The Parish Council will primarily use Specified Investments as defined in the statutory guidance. Non-specified investments may be used where BPC considers the risk to be low and the investment appropriate for local authority funds.

Approved counterparties include:

- CCLA Parish Sector Deposit Fund (BPC recognises that the CCLA Parish Sector Deposit Fund is a non-specified investment but considers it appropriate due to its strong track record and sector-wide use).
- Unity Trust Bank

BPC will not invest in speculative investment products or schemes that could expose public funds.

6. Reserves

BPC holds a current account with Unity Trust Bank which contains funds received through the precept and income earned during the current financial year. Any surplus/deficit at the end of the current year is transferred to or from the General Reserve Fund.

BPC maintains reserves in three distinct categories to ensure clarity of purpose and financial transparency.

a. General Reserves

The General Reserve is held to meet emergency or unplanned expenditure and to manage any temporary cash flow requirements. The General Reserve should normally be maintained at between three and twelve months of routine revenue expenditure (currently around £15,500). A portion of the General Reserve will be retained in the Unity Trust account for liquidity purposes, with the remainder held with CCLA.

b. Earmarked Reserves

These are allocated funds that have been set aside for specific future projects or purposes (for example: village maintenance projects, Blacksmith Barn, asset replacements, etc.). These funds are generally held within the CCLA account. Earmarked Reserves may be accumulated over a period of time to meet known or anticipated liabilities and project costs. Funds will be set aside to reduce the impact of meeting the full expenditure in one year. When establishing an earmarked reserve, BPC will formally record its purpose, target amount (where appropriate), and arrangements for its review and use.

7. Budgetary Control and Reporting

The Clerk/RFO will provide monthly bank reconciliations and quarterly budget monitoring reports (this will include monitoring of reserves balances and progress against approved projects) to Full Council. Transfers between institutions and investment decisions will be made in accordance with the Council's Financial Regulations and authorised signatory arrangements.

8. Authorisation

All investments must be approved by Full Council. The Responsible Financial Officer (RFO) will manage investments in accordance with this strategy. The Council will carry out an annual cash flow forecast to determine available funds for investment.

9. Annual Review

The strategy will be reviewed annually by Full Council prior to approval of the Annual Governance and Accountability Return (AGAR). The effectiveness of the controls will be assessed as part of this review. List of Investments as of 30/09/2026:

CCLA Parish Sector Deposit Fund - £50,000 @ 3.73% Gross.