



# Yeovil Without Parish Council

## INVESTMENT POLICY

### 1. Introduction

This Investment Policy complies with the requirements of the Local Government Act 2003, relevant statutory guidance on local government investments, and current governance guidance applicable to local councils.

An investment strategy is required for investments expected to exceed £100,000 during any financial year.

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

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

Yeovil Without Parish Council acknowledges the importance of investing surplus funds held on behalf of the community as part of its fiduciary duty.

This policy establishes the objectives, practices, and reporting arrangements for the effective management and control of the Council's investment activities and associated risks. This policy should be read in conjunction with the Council's Financial Regulations.

### 2. Investment Objectives and Principles

The Council aims to invest reserves prudently in order to:

- protect capital sums;
- maintain liquidity where required;
- achieve an appropriate level of return; and
- support future service delivery.

When considering investments, the Council will prioritise:

#### a) Security

Protection of the investment sum from loss and minimisation of risk.

#### b) Liquidity

Ensuring funds can be accessed when required to meet operational commitments.

#### c) Yield

Seeking an appropriate return once security and liquidity requirements have been satisfied.

The Council will consider the balance between security, liquidity, and yield when making investment decisions.

All investments shall:

- be made in the name of Yeovil Without Parish Council;

- be denominated in sterling; and
- be held with UK-regulated financial institutions.

Recommendations relating to investments will be considered by the Finance Scrutiny Members before approval by Full Council. The choice of institution, investment type, and duration shall be determined by Full Council.

The Council may spread investments across more than one institution to minimise financial risk.

Should the Council appoint an investment manager or independent financial advisor, the appointment shall be reviewed periodically. Any advisor appointed will be made aware of the statutory and regulatory framework applicable to local councils.

The Council does not currently intend to invest in non-financial assets.

This policy will be published on the Council's website.

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

Specified investments are those offering high security and high liquidity, made in sterling, and with a maturity period not exceeding 12 months.

For the prudent management of balances, the Council may invest short-term funds with:

- UK banks and building societies;
- local authorities or other public authorities;
- approved public sector deposit funds; or
- other low-risk financial institutions regulated within the United Kingdom.

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

Non-specified investments are investments that do not meet the definition of specified investments and may carry a greater level of risk.

The Council may invest funds not immediately required for expenditure for periods exceeding 12 months where this is considered financially beneficial and prudent.

Before making any long-term investment, the Council will consider:

- anticipated cash flow requirements;
- the security of the investment;
- access to funds if required;
- financial risk; and
- the overall benefit to the Council.

Long-term investments may include fixed-term deposit accounts and other low-risk investment products approved by Full Council.

The Council will determine and review limits on the amount of funds invested in long-term investments.

Where appropriate, independent financial advice may be sought before entering into significant long-term investment arrangements.

## **5. Risk Management and Monitoring**

The Council will seek to minimise investment risk by:

- diversifying investments where appropriate;
- using financially secure institutions;
- monitoring investment performance; and
- reviewing creditworthiness information available for financial institutions.

The Parish Clerk, as Responsible Financial Officer, is authorised to administer the Council's investments and liaise with financial institutions and advisors on behalf of the Council.

Any concerns regarding the security or performance of investments shall be reported promptly to Full Council.

## **6. Reporting and Review**

The Responsible Financial Officer will provide investment monitoring information to the Finance Scrutiny Members and Full Council as required.

This policy will be reviewed annually and any amendments must be approved by Full Council.

## **7. Investment Strategy**

The Council will maintain sufficient liquidity to meet operational and service requirements at all times.

Funds may be held across:

- current accounts;
- instant access and notice accounts;
- fixed-term deposit accounts; and
- other approved low-risk investment vehicles.

The Council currently holds long-term invested funds, including reserves earmarked for crematorium maintenance and future capital expenditure. A sum of £250,000 is invested with Redwood Bank as part of the Council's crematorium reserve fund arrangements.

The Council will continue to seek low-risk investment opportunities that provide an appropriate balance of security, liquidity, and return.

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