



Marchwood Parish Council - Investment Strategy 2026/2027

Marchwood Parish Council acknowledges the importance of prudently investing the funds held on behalf of the community.

This Strategy has been prepared in accordance with the Guidance on Local Government Investments issued under section 15(1)(a) of the Local Government Act 2003, effective from April 2018.

The Guidance states:

- a. Where a town or parish council expects its investment at any time during a financial year to exceed £100,000, the guidance should apply in relation to that year.
- b. Where town and parish councils expect its investments at any time during a financial year to exceed £10,000 but not £100,000, it should decide on the extent if any, to which it would be reasonable to have regard to the guidance in relation to that year.
- c. Where a town or parish council expects its investments at any time during a financial year not to exceed £10,000, no part of the guidance need be treated as applying in relation to that year.

Marchwood Parish Council investments during 2026/2027 exceeds £100,000 therefore will agree to apply the guidance as set out below.



INTRODUCTION

The purpose of this policy is to set out the management of cash and investments held by the Council that are not required for day-to-day operational purposes.

INVESTMENT OBJECTIVES

FINANCIAL POLICIES

1. Investments made by the council can be classified into one of two main categories:
 - Investments held for treasury management purposes: and
 - Other investments.
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2. In 2026/2027 the council investments will only be held for investment management purposes.
3. The Council's investment priorities are:
 - The security of its reserves; protecting the capital sum from any loss.
 - The liquidity of its investments; ensuring the funds invested are available for expenditure when needed.
 - Yield; once proper levels of security and liquidity are determined, it will then be reasonable to consider what yield can be obtained.
4. The Council will aim to achieve the optimum return on its investment commensurate with proper levels of security and liquidity being maintained.
5. The government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this council will not engage in such activity.
6. When investing in banks the Council will identify if the authority is covered by the Financial Investment Scheme (FSCS). Holdings should not exceed £120,000, in order to be eligible.

INVESTMENT OBJECTIVES

When considering financial plans and preparing the annual budget, the Council will aim to:

1. Maintain a working bank account balance of approximately 1 – 3 months net anticipated expenditure.
2. Maintain a General Revenue Reserve, not earmarked for specific purposes, to cushion the impact of unexpected events or emergencies or to smooth out



cashflow when undertaking works prior to the receipt of approved grants or Developers Contributions; and maintained at an appropriate level.

3. Maintain Earmarked Reserves, for both capital and revenue expenditure, to meet known or predicted liabilities, identified individually in the Council's budgets.
4. All investments held must be realisable within the maximum period 36 months and held in an agency and defined as 'A High Credit Quality'.
5. Credit Ratings will be monitored and reported to the Policy and Resources Committee at six-monthly intervals; if the rating falls during this period the Responsible Finance Officer, in consultation with the Clerk, Chairman of the Council and Chairman of Policy and Resources Committee will decide on any appropriate action.
6. Credit Rating Agency will be taken as meaning one of the following:
 - Standard and Poor's
 - Moody's Investors Services Ltd
 - Fitch Ratings Ltd.
7. Advice will be sought from a suitable qualified and experienced person or body with a proven track record who must be regulated by the Financial Conduct Authority.

EXTERNAL BORROWING

All borrowing requires the approval of the Council. Borrowing to fund capital expenditure may need the prior approval of the Department of Communities and Local Government. The process to be followed and the criteria to be applied are detailed in the Guide to Parish and Town Council Borrowing in England jointly published by the Department and the National Association of Local Councils.

REVIEW AND AMENDMENT OF THE POLICY

The Clerk and the Responsible Finance will review this policy annually for approval by the Council prior to the end of the financial year.

The Clerk and Responsible Finance Officer may recommend variations of the policy for approval by the Council.