

**Aylesford
Parish Council
Investment
Strategy
2026-27**

1. Introduction

- 1.1 Aylesford Parish Council (The Council) acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community.
- 1.2 This strategy has been prepared in accordance with the Guidance on Local Government Investments (“the Guidance”), issued under section 15(1)(a) of the Local Government Act 2003, effective from 1st April 2018.
- 1.3 In accordance with the Practitioners’ Guide councils with balances exceeding £100,000 are required to have an investment strategy to ensure funds are managed in line with best practices. Aylesford Parish Council holds its operational funds in Nationwide as a holding account for day-to-day activities. Surplus funds are invested on a short-term basis of one year to maintain liquidity while achieving a modest return.
- 1.4 The Council expects its investments during the 2026-27 financial year to exceed £100,000 and therefore has agreed to apply the Guidance as set out below.

2. Investment Objectives

- 2.1 The Council’s investment priorities are: 1) the security of its reserves; 2) the liquidity of its investments; and 3) return. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 2.2 All investments will be made in sterling and, as a minimum, surplus funds will be aggregated in an interest-bearing bank account.
- 2.3 The Government maintains that borrowing of monies purely to invest, or lend and make a return, is unlawful and this Council will not engage in such activity.

3. Security of Investments

- 3.1 Government guidance differentiates between specified investments and non-specified investments
- 3.2 Specified Investments
 - 3.2.1 Specified investments are those offering high security and high liquidity with a maturity of no more than one year. In addition, short-term sterling investments must be with bodies/institutions with “high credit ratings”

3.2.2 For the prudent management of its balances, maintaining sufficient levels of security and liquidity, the Council will use:

- UK banks and UK building societies; having regard to industry deposit protection, such as the Financial Services Compensation Scheme, where the Council is eligible for such schemes.
- Public Bodies (including Local Authorities and Police Authorities).
- UK FCA regulated qualifying money market funds with a triple A rating.

3.3 Non-specified investments

3.3.1 Non-specified investments are usually for longer periods (i.e. more than one year) and with bodies that are not highly credit-rated

3.3.2 No non-specified investments are included in the Investment Strategy for this Council.

4. Liquidity of Investments

4.1 The Clerk (as Responsible Financial Officer) in consultation with the Finance Advisory Sub-Committee will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

5. Long Term Investments

5.1 Long term investments shall be defined as greater than one year. The Council will use the same criteria for assessing long term investment as identified above for specified investments.

5.2 The Council does not currently hold any long-term investments.

6. Risk Investment

6.1 The Parish Council's reserves are covered by the Financial Services Compensation Scheme up to the deposit limits of the scheme and must therefore be carefully managed to mitigate the risk of loss.

6.2 The Council will only invest in institutions of "high credit quality" as set out in section 3.2 of this strategy. Investments will be spread over different providers where appropriate to minimise risk.

6.3 The Council will monitor the risk of loss on investments by reference to credit ratings and will also have regard for the general economic and political environment in which institutions operate.

6.4 The Council does not employ in-house or externally, any financial advisors but will rely on information which is publicly available.

7. End of Year Report and Review

7.1 The Council will review the Investment Strategy annually and revise the document if necessary.

7.2 The Clerk will submit an annual report to Council at the annual meeting.

7.3 The Council reserves the right to make alterations to the Investment Strategy at any time to the approval of Full Council. Any variations will be made available to the public.

8. Transparency and Accountability

8.1 In accordance with the Freedom of Information Act 2000, the Council's Investment Strategy will be published on the Council's website www.aylesford-pc.gov.uk and a hard copy will be available from the Council Offices.