Broomfield Parish Council

Banking Arrangements and Investment Strategy

Introduction
This Banking Arrangements and Investment Strategy sets out how the Parish Council will manage and invest its public funds. It applies to all financial assets held by the Council and is reviewed annually, or more frequently if required by legislation or changes in financial circumstances.

Banking Arrangements
In accordance with the Financial Regulations (5.1 The council's banking arrangements, including the bank mandate, shall be made by the RFO and approved by the council; banking arrangements may not be delegated to a committee. They shall be regularly reviewed for safety and efficiency.)

The following information summarises the banking arrangements of Broomfield Parish Council:

a) The payment of income into the bank shall be undertaken regularly subject to necessity.
b) When a new councillor comes into office or a councillor resigns, relevant bank signatories will be updated within 1 month
c) A balance sufficient to avoid banking penalty charges will be maintained within the current account
d) Bank mandates and regular payments will be reviewed each May
e) Payments and receipts are reviewed by the Full Council and Legal and Finance Committee each month

Investment Strategy
The aim of the strategy is to ensure that Council funds are prudently managed, with priority placed on security, liquidity, and then yield.

Statutory Framework
The Parish Council is required to have regard to:

- The Local Government Act 2003
- The MHCLG Statutory Guidance on Local Government Investments (3rd Edition)
- The Governance and Accountability for Smaller Authorities Practitioner's Guide (current edition)

Objectives of the Strategy
Security – safeguarding public money is the primary objective.
Liquidity – ensuring funds are available to meet expenditure when needed.
Yield – achieving a reasonable return without putting funds at undue risk.

Risk Management
The Council will avoid high-risk or speculative investments. Risk management measures include:

Credit Risk
Investments will only be placed with UK banks or building societies that are:

- Regulated by the Prudential Regulation Authority, and
- Covered by the Financial Services Compensation Scheme (FSCS).
- No more than £120,000 will be held with any single financial institution.

Liquidity Risk
A minimum buffer (e.g., 3–6 months of normal expenditure) will be held in instant-access accounts.

Longer-term deposits will only be used for funds not required within 6–12 months.

Market and Interest Rate Risk
The Council will prefer fixed-rate deposits to reduce exposure to interest-rate volatility. Investments will not be placed for periods exceeding the Council's budgeted cashflow comfort zone.

Types of Approved Investments
The Council is permitted to use low-risk, non-speculative investment vehicles only. Approved categories include:

Instant Access Accounts
- Business savings accounts with UK banks or building societies.

Fixed-Term Deposits
- Fixed-term deposits with UK banks or building societies (typically 3–12 months).

CCLA Public Sector Deposit Fund
- A highly liquid, diversified fund designed for local authorities.
- The Council may consider this to spread risk and improve liquidity.

Prohibited investments:
- Stocks, shares, corporate bonds, or any equity-linked products.
- Foreign currency investments.
- Crypto assets.
- Property acquisition for commercial yield.

Ethical Considerations
The Council will avoid investments in institutions or funds that:
- Conflict with its community values,
- Have poor ethical or environmental standards,
- Are linked to activities incompatible with the public good.

Monitoring and Reporting
The Responsible Financial Officer (RFO) will monitor investments monthly.

Investment performance and compliance with this strategy will be reported to the Council at least twice a year.

Any breaches must be reported immediately and corrective action taken.

Review of the Strategy
This Investment Strategy will be reviewed annually, normally alongside the budget-setting process, or earlier if:
- There are major changes in financial markets,
- Legislation or statutory guidance changes,
- The Council's financial position changes significantly.