



## **Investment Strategy**

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Version 1.0: Document Created. Based on SLCC investment policy template (2019)

## Investment Strategy

### Introduction

1.1 This document is created under guidance issued by the Secretary of State for Communities and Local Government in accordance with the Local Government Act 2003. The guidance is issued by the Ministry of Housing, Communities and Local Government, Ministry of Housing, Communities & Local Government (2018-2021) and Department for Levelling Up, Housing and Communities.<sup>1</sup>

1.2 Saxilby with Ingleby Parish Council acknowledges its responsibility to the community and the importance of prudently investing any reserves held by the council.

### Objectives

2.1 The general policy objective of the council is prudent investment of its balances.

The council's investment priorities are:

- 1) Security of reserves  
and then the
- 2) Liquidity of investments

2.2 The council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

### Investment policy

3.1 The council shall diversify its reserves between multiple relatively highly rated UK banks and building societies. The council shall only use specified investments as defined by government guidance.

3.2 A significant percentage of the council's bulked reserves shall be placed on interest bearing term/notice deposits.

3.3 To retain liquidity these shall be placed with phased end dates i.e. there will always be some maturing sooner than others.

3.4 No one investment shall be for a period longer than 12 months.

3.5 No investment (savings) shall be held with the council's current (account) bankers

3.6 The council shall invest with banks/building societies which it defines as "high credit quality". This being those with a credit rating of A with Moody's Investors Service or BBB with Standard and Poor's or Fitch Ratings Ltd (see Appendix I for listings). **What other measures for those with no credit rating?**

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<sup>1</sup> The latest guidance (3<sup>rd</sup> edition, 2018) is available at: [www.gov.uk/government/publications/capital-finance-guidance-on-local-government-investments-second-edition](http://www.gov.uk/government/publications/capital-finance-guidance-on-local-government-investments-second-edition)

3.7 The council may invest in the CCLA Public Sector Deposit fund, subject to it maintaining a credit rating as required in 3.6.

3.8 Investments shall be researched and placed by the Responsible Financial Officer having used due diligence including as a minimum **finance search engines?** and ratings agencies.

a. This shall be under the oversight of the finance and risk committee and subject to full council approval.

b. The actual movement of money shall be by the usual authorised signatories.

3.9 The procedure for undertaking investments, considering the need for timely and speedy placing of deals, shall be documented by the Responsible Financial Officer and approved by full council before any investments are placed.

3.10 The Responsible Financial Officer shall review credit ratings of organisations in which the council holds investments on a quarterly basis and report to Finance and Risk Committee any changes. Should the credit rating of an organisation fall below that specified under 3.6, the Responsible Financial Officer shall consult the finance and risk committee and take appropriate action.

#### **Revision**

4.1 Any revisions to this document shall be approved by full council.

4.2 The finance and risk committee shall review this document annually and recommend any proposed changes to full council. Where no changes are proposed, full council shall note the policy.

4.3 Notwithstanding 4.2 this policy shall be reviewed in the event the Bank of England increases its base rate above 3%.

## Appendix I: Assessment of Current Position

### Credit Rating Required:

BBB with Fitch Ratings Ltd or

A with Moody's Investors Service or

BBB with Standard and Poor's

### Credit Rating Assessment of Current Investment Providers

	Long-Term Credit Ratings (>365 days)		Short-Term Credit Ratings (≤ 365 days)		Required credit level met for investments (A/BBB)?	Action required:
<b>1. Co-operative Bank</b>	<b>BB+</b> <b>Baa3</b> -	Fitch Moody Standard and Poor's	<b>B</b> <b>P-3</b> -	Fitch Moody Standard and Poor's	<b>N</b>	<b>N/A current a/c</b>
<b>2. National Westminster Bank</b>	<b>A+</b> <b>A1</b> <b>A+</b>	Fitch Moody Standard and Poor	<b>F1</b> <b>P-1</b> <b>A1</b>	Fitch Moody Standard and Poor	<b>Y</b>	<b>None.</b>
<b>3. Unity Trust Bank</b>	Unity Trust Bank does not have a credit rating as it does not borrow from other banks <sup>2</sup>				N/A	<b>Id methos to ensure</b>
<b>4. Charity Bank</b>	Charity Bank does not have a credit rating				N/A	
<b>5. Lloyds</b>	<b>A+</b> <b>A1</b> <b>AA-</b>	Fitch Moody Standard and Poor	<b>A-1</b> <b>P-1</b> <b>F1+</b>	Fitch Moody Standard and Poor		

<sup>2</sup> See [https://www.unity.co.uk/content/uploads/UTB2357\\_Town\\_Parish\\_Concils\\_A4\\_1pp\\_Leaflet\\_WEB.pdf](https://www.unity.co.uk/content/uploads/UTB2357_Town_Parish_Concils_A4_1pp_Leaflet_WEB.pdf) for more information.

### Current reserves and level of liquidity required

Reserve	Liquidity required	Reserves Amount	Total	Account Required		
General Reserves (1-3 month's precept) 2025/26 value £24,500-£73,500)	Instant	£66,687	£80,481	I x Instant access		
Retail Grant	Instant (to be closed in current financial year-final grant payment due March £2,700)	-£2,574				
Warm Spaces RFF	Instant (used weekly)	£303				
NDP	Instant (have to use in current financial year, then return remaining, then re-apply for 2025/26)	£6,361				
Speedwatch	Instant	£10				
X-mas Lights Sponsorship	-	-				
St Andrews Defib	Instant	£35				
St Andrews CC Improvement	Instant-30 days notice	£1,040				
Capital Exp. (asset sales)	Instant-30 days notice	£762				
Waterfront Project	Instant-30 days	£7,857				
EMR Elections	30 days notice	£2,624			£123,678	b. 30-90 days notice
CIL	30 days notice	£3,821				
S106 - MUGA project	30-90 days notice	£100,000				
MUGA project	30-90 days notice	£17,233				
Westcroft project	90-180 days notice	£10,913	£56,188	c. 90-180 days notice		
S106 - New burial ground project	90-180 days notice (agreed to move into new Lloyds savings a/c)	£45,275				

### Account requirements

Based on the current investment position of the council the following number and type of accounts are required:

- a. Instant access account x 1
- b. 30-90 days' notice account x 2 – Re-open Unity Trust 90 Day Account and Recommend for Officers to Re-Open on a 90 day cycle.
- c. 90 days' notice account x 1 – Lloyds 90 Day A/C being opened. OK.

## Current investment position (as at 13 March 2025)

Provider	Account Type	Interest (AER)	A/C No. ending	Service Charge	Terms	Amount	FCS Protected (<£85k)	Amount outside of FCS
Charity Bank	Ethical Easy Access Savings	3.16%	9925	-	Instant (post only)	£86,711.24	Partially	£1,711.24
Co-operative	Instant Access Savings	1.44%	6550	-	Instant	£44,816.69	Yes	-
Co-operative	<i>Current</i>	<i>0%</i>		<i>See online</i>		£6,959.72		
Lloyds	95-day Notice Savings	3.52%				£0	Yes	*A/C being opened for New Burial Ground Funds
Natwest	<i>Current</i>	<i>0%</i>	7989	<i>£0.35 per/credit</i>	<i>Instant</i>	£9,891.53	Partially	£8,072.81
Natwest	Business Reserve Savings	1.26%	1524	-	Instant	£83,181.28		
Unity Trust	<i>T1 Current</i>	<i>0%</i>	8153	<i>£6 pr/month</i>	<i>Instant</i>	£101,036.52	Partially	£25,567.80
Unity Trust	Instant Access Savings	2.27%	8750	-	Instant	£9,531.28		
Unity Trust	FT 90 (90 day Savings)*	3.06%	3251	-	90 Day	£0		

\*Unity Trust 90-day account balance and interest auto-transferred into current account at maturity.

### Unity Trust Alternative Investment Account Options

- 6 months 4.0% AER
- 12 months 4.10% AER

### Recommendations:

1. **As Co-op is used as council's current account, minimise savings in the savings account, in-line with para 3.5**
2. **Move £100,036.52 from Unity Trust Current A/C to Unity Trust Instant Access Savings**
3. **When Lloyds Savings A/C opened move £26,000 from Unity Trust Instant Access Savings**
4. **When Lloyds Savings A/C opened move £5,000 from Natwest Current Account and £5,000 from Natwest Business Reserve Savings**
5. **Recommend to full council to open a further bank account with associated instant access savings account for precept to reduce risk.**

## Appendix 2: Further Information

Fitch - [www.fitchratings.com/products/rating-definitions#about-rating-definitions](http://www.fitchratings.com/products/rating-definitions#about-rating-definitions)

Moody - <https://ratings.moody's.io/ratings>

Standard and Poor - [www.spglobal.com/ratings/en/about/understanding-credit-ratings](http://www.spglobal.com/ratings/en/about/understanding-credit-ratings)

### Credit Ratings Explained:

#### What is Moody's rating scale?

The rating scale, running from a high of Aaa to a low of C, comprises 21 notches. It is divided into two sections, investment grade and speculative grade. The lowest investment-grade rating is Baa3. The highest speculative-grade rating is Ba1.

#### Long-term Debt Ratings (maturities of one year or greater)

##### INVESTMENT GRADE

- » Aaa – highest rating, representing minimum credit risk
- » Aa1, Aa2, Aa3 – high-grade
- » A1, A2, A3 – upper-medium grade
- » Baa1, Baa2, Baa3 – medium grade

##### SPECULATIVE GRADE

- » Ba1, Ba2, Ba3 – speculative elements
- » B1, B2, B3 – subject to high credit risk
- » Caa1, Caa2, Caa3 – bonds of poor standing
- » Ca – highly speculative, or near default
- » C – lowest rating, bonds typically in default, little prospect for recovery of principal or interest

#### Short-Term Debt Ratings (maturities of less than one year)

- » Prime-1 (highest quality)
- » Prime-2
- » Prime-3
- » Not Prime

Source<sup>3</sup>

<sup>3</sup> <https://www.fool.com/investing/how-to-invest/bonds/bond-ratings/#:~:text=Bonds%20rated%20above%20BBB-%20%28or%20Baa3%20in%20the,way%20of%20saying%2C%20%22Invest%20at%20your%20own%20risk.%22?msocid=L27ce129a76d641f32bbf3b5a36d6ac9>



Currently the following banks have the highest credit ratings

No	Bank	Moody's	Standard & Poors	Fitch
1	HSBC UK Bank plc	A1	A+	AA-
2	Lloyds Bank plc	A1	A+	A+
3	Bank of Scotland plc	A1	A+	A+
4	Nationwide Building Society	A1	A+	A+
5	Standard Chartered Bank	A1	A+	A+
6	Goldman Sachs International Bank	A1	A+	A+
7	Citigroup Global Markets Ltd	A1	A+	A+
8	Santander UK plc	A1	A	A+
9	Lloyds Bank Corporate Markets plc	A1	A	A+
10	Barclays Bank UK plc	A1	A	A+

Source: <https://www.advratings.com/uk/credit-ratings>