Cheddleton Parish Council

Banking and Investment Strategy 2026/27

1. Legislative and Regulatory Framework

This Strategy is prepared in accordance with:

- Local Government Act 2003 (Section 12 & 15)
- Statutory Guidance on Local Government Investments
- National Association of Local Councils guidance
- The CIPFA Treasury Management Code of Practice (where applicable)
- Cheddleton Parish Council Financial Regulations (February 2026), particularly:
    - Regulation 2 – Risk Management and Internal Control
    - Regulation 4 – Budget and Precept (Reserves)
    - Regulation 6 – Banking and Payments
    - Regulation 7 – Electronic Payments
    - Regulation 12 – Loans and Investments

The Council confirms that its investment priorities are:

1. **Security of Capital – Highest Priority**
2. **Liquidity – High Priority**
3. **Yield – Secondary Consideration**

The Council will not engage in borrowing purely to fund investments or generate return.

2. Financial Context

- **Annual Budget:** £93,589
- **Earmarked Reserves (EMR):** £60,450
- **Investments Held:** £50,000

In accordance with Regulation 4, the Council maintains reserves proportionate to risk and planned expenditure.

The Council will maintain an appropriate level of General Reserves, typically between 6-9 months of net revenue expenditure, to ensure operational stability and liquidity.

3. Types of Investments

The Council will use **Specified Investments** only, as defined in Government Guidance. These are:

- Investments denominated in sterling
- Investments with high-quality UK counterparties
- Investments with relatively short maturity periods
- Investments which do not constitute capital expenditure

Permitted investments include:

- UK clearing banks
- UK building societies
- Public Sector Deposit Funds
- UK Government or local authority bodies

The Council will not invest in:

- Stocks and shares
- Corporate bonds
- Property funds
- Overseas investments
- Cryptocurrencies
- Any speculative or high-risk financial instruments

Non-specified investments will not be used.

4. Banking Arrangements (Regulation 6 & 7 Compliance)

The Council has resolved to bank with:

- NatWest – Current Account
- NatWest – Savings Account

In accordance with Regulation 6 :

- Banking arrangements are authorised by Full Council.

- The bank mandate is reviewed annually.
- Online payments require dual authorisation.
- Four councillors are authorised signatories in line with Regulation 7

The Council operates an automatic transfer arrangement whereby the current account maintains a balance of approximately £10, limiting exposure to fraud risk.

5. Investment Arrangements (Regulation 12 Compliance)

In accordance with Regulation 12:

- All investments are held in the name of Cheddleton Parish Council.
- Investment documentation is retained by the RFO.
- This Strategy is reviewed annually by Full Council.

The Council currently holds:

- **£50,000 invested in the Public Sector Deposit Fund managed by CCLA**

This fund is suitable because:

- It is specifically designed for local authorities.
- It provides diversification of deposits.
- It maintains liquidity for operational access.
- It aligns with the Council's low-risk investment approach.

6. Liquidity Management

The Council ensures:

- Sufficient instantly accessible funds are held to meet operational needs.
- General Reserves support at least 3–6 months of expenditure.
- Earmarked Reserves remain accessible for their intended purpose.
- Investment timing does not compromise cashflow requirements.

Liquidity is monitored quarterly through bank reconciliations verified under Regulation 2 .

7. Credit Risk and Diversification

The Council is mindful of the Financial Services Compensation Scheme (FSCS) protection limit of £120,000 per institution where applicable.

To minimise counterparty risk:

- Funds are diversified between NatWest and CCLA.
- The Council will seek, where practical, not to exceed FSCS limits in institutions where protection applies.
- The Clerk/ RFO will monitor financial stability of counterparties.
- Any material downgrade in creditworthiness will be reported to Full Council without delay.

8. Risk Assessment

Key risks identified:

Risk	Mitigation
Bank failure	Use of major UK clearing bank
Counterparty risk	Diversification of holdings
Liquidity risk	Instant access savings & CCLA liquidity
Fraud	Dual authorisation and electronic controls (Reg 7) CPC Model 2025 Financial Regula...
Inflation erosion	Periodic review of returns

This Strategy forms part of the Council’s overall Risk Management Framework under Regulation 2.

9. Borrowing

The Council has no current borrowing.

Any future borrowing would require Full Council approval in accordance with Regulation 12 and statutory guidance.

The Council will not borrow funds purely for investment purposes.

10. Ethical Considerations

Where practical, the Council will consider environmental and ethical factors when selecting financial institutions, provided security and liquidity are not compromised.

11. Reporting and Review

- Investment balances will be reported to Full Council at least quarterly.
- Bank reconciliations are independently verified quarterly (Regulation 2).
- This Strategy will be reviewed annually.
- Any legislative or regulatory change will trigger review.

12. Approval

This policy will be reviewed at least every year.

The Council may review this policy earlier where there are changes to legislation, statutory guidance, or advice issued by NALC.

Date created: 3rd March 2026

Approved by Cheddleton Parish Council on: Minute:

Review date:

Chair to sign: