



DALTON WITH NEWTON TOWN COUNCIL

INVESTMENT STRATEGY

Adopted August 2024

Review Date April 2025

Introduction

Dalton with Newton Town Council (the Council) acknowledges the importance of prudently investing the surplus held on behalf of the community.

This strategy complies with requirements set out in

- The Ministry of Housing, Communities and Local Government *Guidance on Local Government Investments*
- Section 15 (1) (a) of the Local Government Act 2003.
- Guidance with Governance and Accountability for Local Councils *practitioners guide*

Investment Objectives

In accordance with Sections 15(1) of the 2003 Act, the Council will have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify:

The Council's objectives when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The Council will therefore aim to achieve the optimum return on its investments with appropriate levels of security and liquidity.

The Council investment priorities therefore are in order of importance:

- The security of its reserves.
- The liquidity of its investments.
- The yield on investments.

Social, ethical and environmental factors will be taken into account as far as is practicable when considering investment funds.

All investments will be made in sterling.

The Department for Levelling up, Housing and Communities 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.

Investments in pooled funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term money market funds offering same day liquidity and very low or one volatility provide an alternative to instant cash access bank accounts.

Specified Investments

Specified investments are those offering high security and high liquidity, made in sterling and with maturity of no more than a year. Such short-term investments made with the UK Government of a Local Authority (as defined) or a Town/Parish Council will automatically be specified investments.

For the prudent management of its treasury balances, the Council may use

Deposits with banks, building societies, local authorities or public authorities

Treasury deposits with UK clearing banks.

Money market funds

UK Government issued gilts

Other approved public sector investment funds

The choice of institution and length of deposit will be at the approval of Full Council.

The Council's current investments are

Unity Trust Bank

Non-specified investments

These investments have greater potential risk and are usually for longer periods and with bodies that are not as highly credit rated. Examples include investment in money markets, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council will not use this type of investment.

Liquidity of investments

The Town Clerk in consultation with the Finance Committee and Full Council will determine the maximum periods for which funds may be prudently committed so as not to compromise liquidity.

Long Term Investments

Long term investments shall be defined as greater than one year. The Council currently does not hold any long term investments.

Risk Assessment

Investment Strategy 2024 – 2025

The Council will invest as much of its balances as possible in a low risk product in order to achieve its investment objectives.

The Public Sector Deposit Account (PSDF) has been identified as a low risk high liquidity option. Funds can be moved in and out on the same day and it has an AAmmf credit quality and sensitivity rating by Fitch. £100,000 will remain in this investment for 2024 – 2025 subject to its performance and credit rating being monitored.

Review of Investment Strategy

The investment strategy will reviewed annually by Full Council and revised if considered necessary. The Council reserves the right to make variations to the investment strategy at any time subject to approval by Full Council. Any variation will be published on the Council Website.