



Corfe Mullen Town Council Investment Strategy Policy

1. INTRODUCTION

1.1. Corfe Mullen Town Council (the 'Council') acknowledges its responsibility in holding public money and the importance of prudently investing any reserves held by the Council.

1.2. The Local Government Act 2003 states that a local authority may invest:

- for any purpose relevant to its functions under any enactment.
- for the purpose of prudent management of its financial affairs.

1.3. This strategy complies with the requirements set out in:

- the Department of Housing, Communities and Local Government Guidance on Local Government Investments
- section 15 (1) (a) of the Local Government Act 2003
- guidance within the Joint Panel on Accountability and Governance (JPAG) Practitioners Guide

2. POLICY

2.1. This strategy establishes formal objectives, policies and practices for the effective management and control of the Council's finance management and the associated risks and should be read in conjunction with the Council's Financial Regulations.

3. OBJECTIVES

3.1. The Council's investment priorities are:

- the security of its reserves,
- adequate liquidity of its investments, and
- the return on investment – the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

3.2. All investments will be made in sterling.

3.3. The Department of Housing, Communities and Local Government maintains the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.

3.4. The Council will monitor the risk of loss on investments by review of credit ratings on a quarterly basis.

3.5. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies. Please refer to the [Statutory Guidance on Local Government Investments](#).

3.6. Investments will be spread over different providers where appropriate to minimise risk.

3.7. The Council will not invest with companies that are involved or deal with traditionally unethical or immoral activities, such as gambling, alcohol, or firearms. A preference will be towards those companies that support clean and sustainable energy.

4. INVESTMENT POLICY

- 4.1. A significant percentage of the Council's bulked reserves shall be placed on interest bearing term/notice deposits.
- 4.2. No investment shall be held with the Council's current bankers.
- 4.3. The Council shall only invest with banks and 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.
- 4.4. The procedure for undertaking investments, considering the need for timely and speedy placing of deals shall be documented by the Clerk and Responsible Financial Officer and approved by the Finance & Administration Committee prior to any investments being placed and ratified by the Full Council.
- 4.5. The Clerk and Responsible Financial Officer shall review credit ratings of organisations in which the Council holds investments on a quarterly basis. Should the credit rating of an organisation fall below that specified under 4.3, the Clerk and Responsible Financial Officer shall consult the Finance & Administration Committee and take appropriate action.

5. Specified Investments

- 5.1. Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government, or a local authority, town or parish council will automatically be specified investments.
- 5.2. For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:
 - deposits with banks, building societies, local authorities or other public authorities.
 - other approved public sector investment funds.
- 5.3. The choice of institution and length of deposit will be at the recommendation of the Finance & Administration Committee and approval of Full Council.
- 5.4. The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.
- 5.5. The Council may make other types of investment i.e., when saving for a future capital project or while deciding how to apply the proceeds of an asset sale or a donation.

6. Non-Specified Investments

- 6.1. These investments have greater potential risk i.e., include investment in the money market, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council will not use this type of investment.

7. Liquidity of Investments

7.1. The Finance & Administration Committee in consultation with the Clerk and Responsible Financial Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

7.2. Investments will be regarded as commencing on the date the commitment to invest is entered into rather than the date on which the funds are paid over to the counterparty.

8. Long Term Investments

8.1. Long term investments are defined in the policy as greater than 12 months.

9. Treasury Management Advice:

9.1. The Clerk and Responsible Finance Officer may recommend that independent, external, expert 'Treasury Management' advice is sought to both review this Investment Strategy and the allocations of specified investments.

9.2. Treasury Management advice would typically come from either:

- the unitary authority
- treasury management advisory firms who specialise in local authority and local town and parish councils
- other local independent financial advisors with expertise in advising business and individuals with significant cash sums to manage and invest.

10. REVIEW

10.1. This Investment Strategy Policy was presented to the Finance & Administration Committee meeting held on 21 May 2024, for approval and adoption, minute no. FA 24/10 and ratified at the Full Council meeting on 28 May 2024, minute no. TC 24/32.

10.2. This policy will be reviewed by the Finance & Administration Committee annually or sooner in the event of significant changes to the financial markets with any approval by the Full Council.

10. REFERENCES

11.1. Joint Panel on Accountability and Governance (JPAG) Practitioners Guide.

11.2. Council's Financial Regulations.

11.3. Local Government Act 2003.

11.4. [Statutory Guidance on Local Government Investments.](#)