

Wimborne Minster Town Council's Investment Strategy

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1. Introduction

Wimborne Minster Town Council (the Council) acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty. This Strategy complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments and takes into account Section 15(1)(a) of the Local Government Act 2003 and guidance within Governance and Accountability for Local Councils Practitioner's Guide 2018.

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

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

The Council defines its treasury management activities as “the management of the Council's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks.”

2. Policy

This Strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks and should be read in conjunction with the Council's Financial Regulations.

3. Investment Objectives

The Council's investment priorities are:

- the security of its reserves, and the 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.

All investments will be made in sterling.

The Department of 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 regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies.

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

4. Specified Investments

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 or town or parish council will automatically be Specified Investments.

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.

The choice of institution and length of deposit will be approved by the Council or appropriate committee.

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

5. Non Specified Investments

These investments have greater potential risk – examples 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.

6. Liquidity of Investments

The Council or appropriate committee in consultation with the Responsible Financial Officer (Town Clerk) will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity. 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.

7. Long Term Investments

Long term investments are defined in the Guidance as greater than 12 months. The Council does not currently hold any long term investments.

8. Risk assessment

The Council's funds are not covered by the Financial Services Compensation Scheme as turnover exceeds 500,000 euros and must therefore be carefully managed to mitigate the risk of losses.

To reduce risks, funds should be held in more than one organisation/fund. The Council will only invest in institutions of "high credit quality". The Council will monitor the risk of loss on investments by reference to credit ratings. The Council will also have regard for the general and political environment in which institutions operate.

The investment position will be reviewed by the Responsible Financial Officer and reported to Council or appropriate Committee if necessary.

The Council does not employ, in-house or externally, any financial advisors but will rely on information which is publicly available.

9. Investment Strategy 2024/2025

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

The Public Sector Deposit Fund has been identified as a low risk, high liquidity option. Funds can be moved in or out on the same day and it has an AAmmf credit quality and sensitivity rating by Fitch. £100,000 will be invested with the Public Sector Deposit Fund and will be subject to performance and credit rating monitoring.

The balances remaining will be invested in Unity Trust Bank as working capital sums which has a Bb- rating from Augusto & Co for June 2022 and approximately £50,000 with a Nationwide 95 day business account which has an A rating from Fitch for 2024.

10. End of Year Investment Report

At the end of the financial year, the Responsible Finance Officer will report on investment activity to Full Council or appropriate committee.

11. Review and Amendment

This Investment Strategy must be reviewed annually and revised if considered necessary.

The Council reserves the right to make variations to the Investment Strategy at any time subject to the approval of Council. Any variations will be made available to the public.

12. Freedom of information

In accordance with the Freedom of Information Act 2000, the Council's Investment Strategy will be published on the Town Council's website www.wimborne.gov.uk and is also available as hard copy from the Town Council Offices.

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