Sturminster Newton Town Council
Investment Strategy & Policy

This document constitutes the Council's Investment Strategy and Policy as required by the DLUHC Statutory Guidance on Local Government Investments (2018), the Local Government Act 2003, the Accounts & Audit Regulations, and the Practitioners' Guide 2025 (Proper Practices).

1. Introduction and Statutory Framework

This Strategy & Policy is prepared in accordance with:

- Local Government Act 2003
- DLUHC Statutory Guidance on Local Government Investments (2018)
- Accounts & Audit Regulations
- Practitioners' Guide 2025 (Proper Practices)
- The Council's Financial Regulations (Section 12)
- The Council's Financial Risk Assessment (2025–26)

It forms part of the Council's internal control and governance framework.

2. Purpose

The Council may hold surplus funds or reserves pending future use. This Strategy & Policy sets out how such funds are to be managed.
The Council will not borrow to invest.

3. Investment Objectives

In line with statutory guidance and Financial Regulations, the Council's priorities are:

1. Security (protection of capital)
2. Liquidity (availability of funds)
3. Yield (reasonable return)

Security prevails where priorities conflict.

4. Types of Investments

The Council limits itself to low-risk "specified investments," including:

- Bank and building society deposits
- National Savings & Investments (NS&I)
- Public Sector Deposit Funds (e.g., CCLA PSDF)

The Council does not invest in stocks, shares, corporate bonds, or other marketable securities.

5. Approved Institutions

Approved institutions include:
- NatWest Bank
- Public Sector Deposit Fund (CCLA)
- Nationwide Building Society
- Bath Building Society
- NS&I
- Other similar UK institutions meeting security criteria

6. Risk Management

6.1 Diversification
The Council will normally maintain funds across at least three different financial institutions.
These may include the Council's current account provider, building societies, the CCLA Public Sector Deposit Fund, NS&I products, or other approved low-risk institutions.

6.2 FSCS Protection
Holdings will be managed to retain FSCS protection where practical.

6.3 Monthly Monitoring
The RFO checks balances monthly.

6.4 Quarterly Oversight
A member (not the Chair) verifies quarterly bank reconciliations, reporting to the Finance & Policy Committee.

6.5 Creditworthiness
The RFO may use ratings, sector advisories or other prudent checks when selecting institutions.

7. Liquidity

The Council will:
- Maintain sufficient instant-access balances
- Avoid investments requiring more than 95 days' notice
- Normally limit term deposits to 12 months

Longer-term commitments require Full Council approval.

8. Delegated Authority

Full Council:
- Approves this Strategy & Policy annually on recommendation from the Finance & Policy Committee.
- Approves any long-term or new financial commitments

Finance & Policy Committee:
- Reviews investment distribution every six months
- Receives quarterly reconciliation reports

RFO (Town Clerk):
- Manages day-to-day transfers between existing approved accounts
- Ensures investments are made in the Council's name
- Maintains investment documentation
- Conducts monthly monitoring

9. Ethical and Responsible Investment

Where two investment options are equivalent in risk and liquidity, the Council may prefer institutions demonstrating strong environmental, social, and governance standards.

10. Reporting

Reporting includes:
- Quarterly reconciliation and monitoring reports
- Annual approval by Full Council

11. Review

This Strategy & Policy will be reviewed annually or after any significant increase in Council funds. It may also be reviewed sooner if required by changes in legislation or statutory guidance.

Approved on: 26 November 25

Review Due: November 26