



Sturminster Newton Town Council

Investment Policy

This policy explains how the Council will invest surplus funds and reserves securely, while keeping sufficient money available to meet its commitments. It should be read alongside the statutory guidance on local authority investments, the Practitioners' Guide 2026/7 (Proper Practices), the Accounts & Audit Regulations, the Council's Financial Regulations and the Council's Financial Risk Assessment.

1. Purpose

The Council may hold surplus funds and reserves before they are needed. This policy sets out how those funds will be invested and monitored.

The Council's priorities are, in order:

Security — protecting the capital invested.

Liquidity — ensuring funds are available when required.

Yield — obtaining a reasonable return after security and liquidity have been satisfied.

Where these priorities conflict, security takes precedence. The Council will not borrow money to invest.

2. Permitted investments

The Council will use only low-risk investments denominated in sterling. These may include:

- Deposits with UK banks and building societies;
- National Savings & Investments (NS&I) products; and
- Qualifying money market or public sector deposit funds, including the CCLA Public Sector Deposit Fund.

The Council will not invest in shares, corporate bonds, property funds, cryptocurrencies or other marketable securities.

3. Approved institutions and funds

The Council may place funds with NatWest Bank, Nationwide Building Society, Bath Building Society, NS&I, the CCLA Public Sector Deposit Fund and other comparable UK institutions or qualifying funds that meet this policy's security requirements.

Before using a new institution or fund, the Responsible Financial Officer (RFO) must carry out proportionate checks. These may include regulatory status, credit ratings, financial strength, sector advice, access terms and available depositor protection. A new type of investment or any commitment outside this policy requires Full Council approval.

4. Diversification and security

The Council will normally spread its funds across at least three financial institutions or qualifying funds. In deciding how much to place with each counterparty, the RFO will consider:

- the amount and timing of the Council's expected cash requirements;
- the level and scope of Financial Services Compensation Scheme protection, where applicable;
- the financial strength and ownership of the institution;
- the Council's total exposure to institutions within the same banking group; and
- the need to avoid excessive concentration with one counterparty.

Funds will be managed to retain FSCS protection where practical. FSCS protection is not the only security consideration and does not replace the need for prudent counterparty checks.

5. Liquidity and investment periods

The Council will keep sufficient instant-access funds to meet its forecast expenditure and other commitments.

Investments will normally require no more than 95 days' notice and fixed-term deposits will normally be limited to 12 months. Any longer commitment requires Full Council approval before the investment is made.

6. Responsibilities

6.1 Full Council will;

- will approve any new type of investment or commitment outside the limits in this policy; and
- approve investments exceeding 12 months.

6.2 Finance & Policy Committee will;

- approve this policy annually;
- review the distribution of investments at least every six months;
- receive quarterly reconciliation and monitoring reports; and
- recommend any material changes to Full Council.

6.3 The Responsible Financial Officer will

- manage day-to-day transfers between approved accounts and funds;
- ensure every investment is held in the Council's name;
- maintain complete investment records and supporting documentation;
- monitor balances, maturity dates, access terms and counterparty exposure each month; and
- report material concerns or proposed departures from this policy promptly.

6.4 Independent oversight

A councillor who is not the Chair will;

- verify the quarterly bank reconciliations and report the outcome to the Finance & Policy Committee.

7. Responsible investment

Security and liquidity must not be compromised for ethical considerations. Where two options are otherwise comparable, the Council may prefer an institution or fund that demonstrates stronger environmental, social and governance standards.

8. Monitoring and reporting

The RFO will review investment balances monthly. Reports to the Finance & Policy Committee will be provided quarterly and will include, as appropriate, the institutions or funds used, balances held, maturity or notice terms, investment income and any significant risk or compliance issue.

The Council will consider its investment arrangements as part of the annual budget and policy review.

9. Review

This policy will be reviewed annually and sooner if there is a material change in legislation, statutory guidance, the Council's financial position or the risks affecting its investments.

Approved on:

Review due: October 2027