



GILLINGHAM TOWN COUNCIL
The Town Hall, School Road, Gillingham, Dorset SP8 4QR

Investment Strategy

1. Introduction

- 1.1 Gillingham Town Council (the Council) acknowledges the importance of prudently investing the surplus funds held on behalf of the community.
- 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 Communities and Local Government Guidance on Local Government Investments
 - Section 15 (1) (a) of the Local Government Act 2003
 - Guidance within Governance and Accountability for Local Councils Practitioner's Guide.

2. Policy

This strategy establishes formal objectives, policies and practices and reporting arrangements 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. Investment 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 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. Please refer to the Statutory Guidance on Local Government Investments which can be viewed [here](#).
- 3.5 Investments will be spread over different providers where appropriate to minimise risk.
- 3.6 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. Specified Investments

- 4.1 Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such shortterm investments made with the UK Government or a local authority or town or parish council will automatically be Specified Investments.
- 4.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Gillingham Town Council will use:
 - Deposits with banks, building societies, local authorities or other public authorities.
 - Other approved public sector investment funds.
- 4.3 The choice of institution and length of deposit will be at the approval of the Finance and Policy Committee and ratification of Full Council.
- 4.4 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.
- 4.5 The Council may make other types of investment for example when saving for a future capital project or while deciding how to apply the proceeds of an asset sale or a donation.

5. Non-Specified Investments

- 5.1 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

- 6.1 The Finance and Policy Committee in consultation with the Responsible Financial Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 6.2 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.

7. Long Term Investments

- 7.1 Long term investments are defined in the policy as greater than 12 months.
- 7.2 The Council does not currently hold any funds in long term investments.

8. End of Year Investment Report:

- 8.1. At the end of the financial year the Responsible Finance Officer will report on investment activity to the Finance & Policy Committee.

9. Treasury Management Advice:

- 9.1 The Town 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 principal local 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 and Amendment of Regulations

This Investment Strategy was presented to the Finance and Policy Committee at the meeting held on 17th July 2023, for approval and adoption, Minute no. 560d, and ratified at the Full Council meeting on 24th July 2023.

This policy will be reviewed by the Finance and Policy Committee annually or when there are changes to legislation, whichever is the sooner.

Signed by: (The Mayor of Gillingham)

Date: