



Newhaven Town Council

INVESTMENT STRATEGY

1. Introduction

- 1.1 Newhaven Town Council recognises the importance of prudently investing temporarily surplus funds held on behalf of the community.
- 1.2 This Strategy complies with the Department for Communities and Local Government's (DCLG) Guidance on Local Government Investments issued under section 15(1)(a) of the Local Government Act 2003 and effective from 1st April 2010

2. Investment objectives

- 2.1 The DCLG Guidance defines a prudent investment policy as having two objectives: first security (protecting the capital sum from loss) and then liquidity (keeping the money readily available for expenditure when needed).
- 2.2 Newhaven Town Council's investment priorities are firstly the security of reserves and secondly their liquidity.
- 2.3 The Council will aim to achieve optimum return on its investments providing that security and liquidity is ensured.
- 2.4 All investments will be made in sterling.
- 2.5 It would be unlawful for Newhaven Town Council to borrow money purely for investment purposes or to lend it and make a return. Accordingly, this Council will not engage in such activity.
- 2.6 If Newhaven Town Council uses an external investment manager, that manager will be contractually required to comply with this Strategy.

3. Specified Investments

- 3.1 Specified investments are those offering high security and high liquidity made in sterling and maturing after no more than one year. The DCLG recommends that specified investments should only be made in schemes of high credit quality and that Newhaven Town Council should define high credit quality.
- 3.2 Newhaven Town Council considers the following specified investments to be of high credit quality:
 - Deposits with banks, building societies, local authorities or other public authorities

- Deposits with the CCLA Public Sector Deposit Fund
- 3.3 Newhaven Town Council's current investments are with Barclays Bank
- Business Premium Account
 - Base Rate Reward Account

4. Non-specified investments

- 4.1 These investments have greater potential risk – examples include investment in stocks and shares
- 4.2 Newhaven Town Council will not make any non-specified investments

5. Liquidity

- 5.1 The Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 5.2 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 investment scheme.

6. External borrowing

- 6.1 Newhaven Town Council will not normally take out temporary loans or borrow by way of an overdraft. Any temporary loans must be agreed by full Council.
- 6.2 Approval must be given by the DCLG to borrow to fund capital expenditure.
- 6.3 As at 31st March 2017 Newhaven Town Council will owe £96,630.17. This loan was taken out through the Public Works Loan Board on 23rd July 2003 to finance the extensive refurbishment of the town council offices.

7. Review

This strategy will be reviewed by full Council annually prior to the start of each financial year. It may be varied from time to time as circumstances dictate, but must always be approved by full Council.