

BLYTH TOWN COUNCIL

INVESTMENT STRATEGY

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1 Introduction

Blyth Town Council acknowledges its responsibility to the community and the importance of prudently investing any reserves held by the council.

Arrangements need to be in place to ensure that the authority's funds are managed properly and that any amounts surplus to requirements is invested appropriately, in accordance with an approved strategy which needs to have regard to DLUHC's statutory Guidance on local government investments, [Guidance on local government investments.pdf \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/guidance/2015-06-24). If total investments are to exceed the threshold specified in DLUHC's statutory guidance at any time during a financial year, the authority needs to produce and approve an annual Investment Strategy in accordance with the DLUHC guidance. In our case we are above the threshold.

2 Investment Objectives

In accordance with Section 15(1) of the Local Government Act 2003 Act, the Council will have regard to:

- (a) to such guidance as the Secretary of State may issue, and
- (b) to such other guidance as the Secretary of State may by regulations specify.

The Council's investment priorities are the security of reserves and liquidity, being available when needed, of its investments.

The Council will aim to achieve the optimum return, the yield, on its investments commensurate with the above.

The Council have agreed that their non earmarked Reserves should be at a level of 25% of its net expenditure in line with recommendations within Joint Panel on Accountability and Governance (JPAG) 2023 edition of the Practitioners' Guide. Within this guide the use of the "Churches, Charities and Local Authorities (CCLA) Investments are referred to. The minimum level of Reserves is currently £350k.

Other earmarked reserves will be invested so that they are available as and when necessary.

For Councils within our category, one suggestion is that we consider investing with CCLA Fund Managers in The Local Authorities Property Fund (LAPF), which is classed as a longer-term investment but carries a risk as being potentially not as stable but with a higher return. Other investments are lower yield but more stable funds.

Depending on cash flow requirements it is felt that any additional funds available in our current account be invested in the CCLA deposit fund to which we have immediate access when the need arises.

The guidance on loans states that a local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth even though those loans may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity. There are specific conditions that the local authority must be able to demonstrate in order to undertake this type of investment and the guidance contains a detailed explanation. This Council will not participate in such investments in 2023/24.

Borrowing of monies purely to invest or to lend and made a return, is unlawful and this Council will not engage in such activity.

3 Specified Investments

Specified Investments are those offering high security and high liquidity, made in sterling and maturing within a year.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council may use:

Deposits with e.g., banks, building societies, local authorities, other public authorities and the Church Charities and Local Authorities (CCLA) Public Sector Deposit Fund, <https://www.ccla.co.uk/investments/investor/local-authorities>

4 Non-Specified Investments

These investments, generally over a year, have greater potential risk – examples include investment in the money market, stocks and shares.

Given the unpredictability and uncertainties surrounding such investments, the Council should not use this type of investment.

5 Liquidity of Investments

The Clerk and Responsible Finance Officer in consultation with the Council, as recommended by the Governance Committee will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

The procedure for undertaking investments, considering the need for timely and speedy placing of deals shall be documented by the Responsible Financial Officer and approved by the Council, as recommended by the Governance Committee before any investments are placed.

6 Long Term Investments

Long term investments are defined in the Guidance as greater than 36 months.

The Council does not currently hold any long-term investments, although, not called as such, the CCLA Property Fund is used for the longer term to realise greater returns but can have withdrawals from it as there are no maturity dates applied.

7 Current Situation

The Council's current situation regarding its funds is:

Operational balances with the Cooperative Bank.

Shorter/Medium term balances with the CCLA Deposit fund – e.g., where the Precept will be held and drawn from for use within the year as needed which has a yield of just over 4% and more follows the standard market risk.

Longer term investments with the CCLA Property Fund aims to provide investors with a high level of income and long-term capital appreciation. The Council has invested £500k into this fund and the average yield is approximately 4%. The value and yield of the fund as of April 2023 is approx. £467k because of the current volatility of the markets over the last 8 months.

The Fund is an actively managed, diversified portfolio of UK commercial property. It will principally invest in UK commercial properties, but may invest in other assets, which may be either liquid or illiquid in nature and as such there can be a fluctuating value of its units depending upon the financial markets. The Fund is also operating on a 6-month notice period for withdrawals due to the current state of the financial markets.

8 End of Year Investment Report

Prior to each Governance Committee, the Clerk and Responsible Finance Officer will report on investment activity to the Council.

9 Review and Amendment of Regulations

The strategy will be reviewed annually and presented for approval at a Council, as recommended by the Governance Committee.

The Council reserves the right, based upon market conditions, to make variations to the Strategy at any time, subject to the approval of the Council, as recommended by the Governance Committee.