GAINSBOROUGH TOWN COUNCIL

Investment Strategy

Contents

Document History

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1. Policy Aim

1.1 To ensure that reserve funds held on behalf of the Gainsborough community are prudently invested as part of its fiduciary duty.

2. Introduction

2.1 Gainsborough Town Council (the Council) acknowledges its duty and the importance of the effective and safe management in relation to investing the temporary surplus funds held on behalf of the community.

2.2 This Strategy complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments and takes into account:

- Section 15 (1) (a) of the Local Government Act 2003
- Statutory Guidance on Local Government Investments (3rd Edition)
- Smaller Authorities Proper Practices Panel (SAPPP) 6/27.

2.3 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

2.4 The Council defines its financial management activities as:

"the effective and safe management of the Council's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks."

3. Policy Statement

3.1 This strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks.

4. Investment Objectives

4.1 The Council's investment priorities are:

- security of its reserves (both general reserves and ear marked reserves) to ensure that money held is protected from and in order to minimise loss
- adequate liquidity of its investments, to ensure money is available when it is needed and not locked away for lengthy period with or without financial penalty
- return on investment – the Council aims to get the best rate of interest that can be achieved whilst also ensuring that the investment is low risk and easy to access

4.2 All investments will be made in pounds sterling (£).

4.3 The Department for Levelling Up, Housing and Communities (DLUHC) maintains that 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.

4.4 The Council will monitor the risk via credit rating agencies such as Standard & Poor's (S&P), Moody's, and Fitch investing only in high-credit-quality institutions.

4.5 Investments will be spread over at least two different providers where appropriate to minimise risk of financial loss.

4.6 Investment principle: security first, return second. For 2026-27 the Council will invest as much of its balances as possible in low risk, accessible, short-term schemes with ethical, responsible and of high credit quality, domiciled within the UK with a sovereign rating of A or higher.

5. Specified Investments

5.1 Specified investments are high security, high liquidity, sterling -denominated investments with maturities of no more than a year.

5.2 The Council, for the effective prudent management of its treasury balances may use: -
- Treasury Deposits with UK clearing banks (of at least A- rating)
- Local Authorities or other Public Authorities
- Other approved public-sector investment funds (i.e. CCLA)

5.3 Institution choice and deposit length will require Finance and Strategy Committee approval.

5.4 Investments aim to optimise return while maintaining security and liquidity.

6. Non-Specified Investments

6.1 These investments have greater potential risk – examples include investment in:
- the money market
- stocks and shares

6.2 Given the unpredictability and uncertainty surrounding such investments the Council will generally not use this type of investment.

6.3 Such investments require specific consideration and Full Council approval.

7. Local Investments (Lending by Local Councils)

7.1 The Town Council may loan funds to:
- other Local Authorities
- non-profit voluntary organisation
- other (i.e. contractual investment)

7.2 Loans may be interest-free if mutually agreed, benefiting local inhabitants.

8. Liquidity of Investments

8.1 The Finance and Strategy Committee, in consultation with the Responsible Finance Officer / Town Clerk, will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

8.2 Investments commence on the date the commitment not the date funds are transferred.

9. Long Term Investments

9.1 Long Term Investments are defined in the Guidance as greater than 36 months. The Town Council will only consider investing funds in long term investments to a maximum of 60 month and such investment will be subject to specific consideration and approval by Full Council.

9.2 The Council currently holds no long-term investments.

10. Investment Strategy 2026 – 2027

10.1 The Council will seek to invest as much of its balance as possible in low-risk products to achieve investment objectives.

10.2 The Council is mindful of the need to not make the administration, monitoring and reporting of investments too complex, especially when considering the current low rates of return and the administration costs associated with managing multiple accounts and creating new accounts.

10.3 The following have been identified using Standard & Poor's (S&P), Moody's, and Fitch ratings as being suitably secure in the following scenarios:

- For day-to-day banking including current account a high degree of liquidity is required with suitable banking arrangements easy access for both deposit and withdrawal.

  This condition has limited the practical choice to local "High Street" banks.

  Gainsborough Town Council has a long-term relationship with HSBC PLC.

  - Business Current & Deposit Account will continue to be held at HSBC PLC for in year finances plus not less than 3 months working capital from reserves for cash flow purposes.

10.4 The Council has plans for some medium to large projects for 2026/27 and 2027/28 and liquidity of funds remains a higher priority than return on investment especially when the differential in rates of interest are very modest and limited.

10.5 Investment Account will be with CCLA with the current amount of £500,000. With the approval of Full Council, this amount may be temporarily increased where grant funding has been received for a specific project, and the funds are not required for immediate expenditure. Any additional investment will be limited to the period for which the funds are not required and will remain available to meet the project's expenditure requirements.
As of 2 February 2026, CCLA becomes part of the Jupiter Group.

10.6 Earmarked Reserves and any remaining General Reserve not allocated to the current / deposit accounts.

10.7 The Council has approved to invest some of its reserves in the CCLA Public Sector Deposit Fund, a UK FCA Qualifying Money Market Fund managed by CCLA that offers the substantial benefits of cooperation between public sector bodies. The main objective of this fund is to maximise current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high-quality sterling denominated deposits and instruments. The Fund is AAAmmf rated by Fitch Ratings. It offers instant access to deposit and withdraw funds and as such it meets the requirements of the Council's Investment Strategy.

11. Investment Approval

11.1 The Council has the delegated authority to consider and make any short-term investments (maximum of twelve months), in accordance with the Investment Strategy, subject to the prior recommendation of the investment provider by the Finance and Strategy Committee.

11.2 The Responsible Finance Officer together with two (2) Council signatories shall have delegated authority to make all necessary transfers between the accounts from time to time as necessary to meet the annual Investment Strategy.

11.3 The Investments will be split between:
- CCLA Public Sector Deposit Account

- HSBC Money Manager (Deposit) Account
- HSBC Current Account (will hold a working balance)

11.4 See Appendix A for balances as at 31st July 2026.

12. Risk Assessment

12.1 The Council's reserves are not covered by the Financial Services Compensation Scheme and must therefore be carefully managed to mitigate the risk of losses. The Council will only invest in institutions of "high credit quality" as set out in section 5 of this strategy.

12.2 The Council will monitor the risk of loss on investments by reference to credit ratings. The Council should aim for ratings equivalent to the Fitch F1 rating for short-term investments or Fitch A- for long term investments. The Council will also have regard for the general economic and political environment in which institutions operate. The investment position will be reviewed quarterly by the Responsible Financial Officer and reported to the Finance and Strategy Committee (or Full Council).

12.3 The Council does not employ, in-house or externally, any financial advisors but will rely on information which is publicly available.

13. Regular and Year End Investment Report

13.1 Investment forecasts for the coming year will be accounted for when the budget is prepared. The Responsible Finance Officer will report on investment activity to the Finance and Strategy Committee as part of the monthly Financial Reporting.

14. Review and Amendment of Regulations

14.1 The Annual Investment Strategy must be reviewed annually and revised if considered necessary.

14.2 The Council reserves the right to make variations to the Investment Strategy at any time subject to the approval of Council. Any variations will be made available to the public.

APPENDIX A

Statement of Reserves (31 March 2026)

1. General Reserve: £156,161.00
2. Earmarked Reserves: £284,485.38 (including £34,367.08 of CIL monies)
3. Total Reserves: £440,646.38

Precept:

- 2026/27: £748,220

Specified Investments (31 July 2026):

- HSBC Current Account: £10,000
- HSBC Money Manager (Deposit) Account: £525,998.50
- CCLA Public Sector Deposit Fund: £500,000.00

A report containing a summary of the reserve position was considered by Finance and Strategy Committee in May 2026.