Aylsham Town Council
Investment Policy

The Investment Policy sets out how the Town Council manages, safeguards, and invests its public funds responsibly. In England, this is primarily governed by the Ministry of Housing, Communities and Local Government (MHCLG) statutory guidance and the National Association of Local Councils (NALC) recommendations.

1. Introduction

This Investment Policy is adopted in accordance with:

- The Local Government Act 2003
- Statutory Guidance on Local Government Investments issued by the Ministry of Housing, Communities and Local Government
- Governance and Accountability for Smaller Authorities guidance via the National Association of Local Councils

The Council confirms that in managing public funds it will give priority to:

1. Security of capital
2. Liquidity
3. Yield

Security and liquidity will always take precedence over yield.

2. Investment Objectives

The Council's objectives are to:

- Safeguard public funds.

- Maintain sufficient liquidity to meet operational commitments.
- Achieve a reasonable return consistent with low risk.
- Spread risk through appropriate diversification.

The Council will not engage in speculative activity.

3. Investment Strategy

3.1 Specified Investments

The Council will primarily use Specified Investments, defined as:

- Deposits with UK banks and building societies.
- Deposits with other local authorities
- UK Government securities
- Low-risk pooled funds such as the CCLA Public Sector Deposit Fund

Specified investments:

- Are denominated in sterling.
- Are of high credit quality.
- Have a maturity of no more than 24 months (except where funds operate as diversified pooled deposits)

3.2 Non-Specified Investments

The Council does not intend to hold non-specified investments (e.g. equities, property funds, long-term corporate bonds). If considered in future, these would require:

- A formal risk assessment
- Full Council approval
- Explicit minute resolution

4. Diversification

To manage risk, the Council will observe the following:

- Spread investments amongst multiple institutions
- Maximum investment term: 24 months (except where funds operate as diversified deposit pools)

The Council recognises that the CCLA Public Sector Deposit Fund spreads deposits across multiple institutions, reducing concentration risk.

The Council recognises that it is does not qualify for the Financial Services Compensation Scheme (FSCS) as the authority exceeds the annual budget limit of €500,000 (approximately £430,000)

5. Liquidity

The Town Council will ensure operational cash flow is not restricted by notice periods.

6. Risk Management

The Responsible Financial Officer (RFO) will:

- Monitor creditworthiness of institutions used.
- Review investment performance annually.
- Ensure compliance with this policy.
- Report balances and interest earned monthly.

The Council accepts that investment returns may fluctuate and confirms that preservation of capital is the overriding priority.

7. Ethical Considerations

Where consistent with the primary objectives of security and liquidity, the Council may consider environmental, social and governance factors in selecting investment vehicles.

8. Delegation

The Council delegates management of investments as follows:

- the Clerk/RFO for cash flow purposes
- The council for the opening / closing of accounts
- The council for authorisation to withdraw for purposes other than cash flow

All investment activity will be reported to full Council.

11. Review

This policy will be reviewed annually alongside Financial Regulations.

Adopted: 5th August 2026