



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 and funds not required in the short term held by the council. This strategy should be read in conjunction with the Council's Financial Regulations.

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 Ministry of Housing, Communities and Local Government's (MHCLG) statutory Guidance on local government investments, [Guidance on local government investments.pdf](https://publishing.service.gov.uk/) (publishing.service.gov.uk). If total investments are to exceed £100,000 - the threshold specified in MHCLG'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 MHCLG guidance. In our case we are above the threshold.

2 Investment Objectives

In accordance with Section 12 of the Local Government Act 2003, a local authority has the power to invest for "any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs".

The Council's investment priorities are the security of reserves and liquidity, being available when needed, of its investments, and to ensure that any risks are effectively mitigated.

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

The Council have agreed that the non-earmarked Reserves should be at a level of 25% of its net expenditure in line with recommendations within Smaller Authorities Proper Practices Panel (JPAG) 2025 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 £395k.

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

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> 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.

4 Non-Specified Investments

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

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.

5 Loans

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 to undertake this type of investment and the guidance contains a detailed explanation. This Council will not participate in such investments in 2025/26. Borrowing of monies purely to invest or to lend and made a return, is unlawful and this Council will not engage in such activity.

6 Non-Financial Investments

As defined in paragraph 4 of this guidance non-financial investments are non-financial assets that the organisation holds primarily or partially to generate a profit. Where a local authority holds a non-financial

investment, it will normally have a physical asset that can be realised to recoup the capital invested. No non-financial investments are held by Blyth Town Council.

7 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.

8 Current Situation

The Council's current situation regarding its funds is:

Operational balances with the Cooperative Bank.

Specified Investment 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. The mean return over the last three years is over £30k per annum.

Un Specified Investment 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 4.5%. The value and yield of the fund as of December 2025 is approx. £464k because of the current volatility of the markets. The mean return over the last three years is over £20k per annum.

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.

9 Proportionality

The Council uses the income from the investments to offset the revenue budget. As a contingency if the budgeted investment income does not materialise, this is classed as an earmarked reserve within balances.

10 End of Year Investment Report

At each Governance Committee, the Clerk and Responsible Finance Officer will report on investment activity, highlighting the yield and value of the fund. The strategy will be publicly available on the Town Council website.

11 Review and Amendment of Strategy

The strategy will be reviewed annually and presented for approval at a Council meeting.

The Council reserves the right, based upon market conditions, to make variations to the Strategy at any time.