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BANKING AND INVESTMENT POLICY

	UTTOXETER TOWN COUNCIL **MANUAL**	

1. Introduction

1.1 Uttoxeter Town Council (The Council), acknowledges the importance of prudently investing the funds held on behalf of the community.

1.2 This policy is created under guidance issued by the Secretary of State for Communities and Local Government in accordance with the Local Government Act 2003. It 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

1.3 The Council defines its treasury management activities as the management of the Councils 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.

2. The Policy

2.1 This policy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Councils treasury management activities and the associated risks. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

3. Investment Objectives

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

- such guidance as the Secretary of State may issue and
- such other guidance as the Secretary of State may by regulations specify.

3.2 The guidance defines a prudent investment policy as having two primary objectives: achieving first of all **security** (protecting the capital sum from loss) and then **liquidity** (keeping the money readily available for expenditure when needed). Once proper levels of security and liquidity are determined it will then be reasonable to consider a third objective, what level of **yield** can be obtained consistent with the first two objectives.

3.3 This widely recognised investment strategy is sometimes more informally and memorably expressed as follows:

- Security – Liquidity – Yield…..in that order.

3.4 Uttoxeter Town Council's investment priorities therefore are:

- the security of its reserves, and
- the adequate liquidity of its investments, and
- the return (yield) on investment - the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

3.5 All investments will be made in sterling.

3.6 The Department for Communities and Local Government maintains 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.

3.7 Where external investment managers are used they will be contractually required to comply with the Policy.

3.8 The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from approved credit rating agencies.

3.9 Investments will be spread over different providers where appropriate to minimise risk.

4. Specified Investments

4.1 Specified investments are those offering high security and high liquidity. All investments will be made in sterling and for no more than a year. Such short term investments made with the UK Government or a Local Authority or a Town/Parish Council will automatically be Specified Investments.

4.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use: deposits with banks, building societies, local authorities, CCLA or other public authorities.
4.3 The choice of institution and length of deposit will be at the discretion of the Finance and General Purposes Committee.
4.4 Uttoxeter Town Council's current investment, which provides a secure yield rate of interest and liquidity, is with Barclays Bank.

5. Non Specified Investments
5.1 These investments have greater potential risk – examples include investment in the money market, stocks and shares.
5.2 Given the unpredictability and uncertainty surrounding such investments Uttoxeter Town Council will not use this type of investment.

6. Liquidity of Investments
6.1 The Finance and General Purposes Committee will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
6.2 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 counterparty.

7. Long Term Investments
7.1 Long Term Investments are defined in the Guidance is greater than 36 months.
7.2 The Council has Deposited £85,000 with CCLA in 2024-25.
7.3 No other long term investments are envisaged.

8. End Of year Investment Report
8.1 At the end of the financial year the Responsible Finance Officer will report on investment activity to the Finance and General Purposes Committee.

9. Review and Amendment of the Policy
9.1 The Town Clerk/RFO will review this policy annually for approval by the Full Council at its annual meeting.
9.2 At the end of the financial year during the preparation of accounts, the Town Clerk/RFO will also report on investment activity.
9.3 The Council may recommend variations of the policy for approval by the Full Council in accordance with the guidance from the Secretary of State.
9.4 The Council will review the Councils banking arrangements every two years.
9.5 The Council will consider the placement of the Council deposits one month before any bond matures.

Reviewed/Adopted by UTC – AGM held on 5 May 2021, 10 May 2022, 16 May 2023, 21 May 2024
Reviewed at Council's Annual Meeting held 13 May 2025