Polegate Town Council

INVESTMENT POLICY

Policy Number 33		
Issue No.	**Date completed**	**Details of amendments**
1	07.07.17	Adopted
2	21.05.18	Adopted at Annual Stat meeting
3	20.05.19	Adopted at Annual Stat meeting
4	05.05.21	Adopted at Annual Stat meeting
5	16.05.22	Adopted at Annual Stat meeting
6	22.05.23	Adopted at Annual Stat meeting
7	20.05.24	Adopted at Annual Stat meeting
8	19.05.25	Adopted at Annual Stat meeting
9	11.05.26	Adopted at Annual Stat meeting

1. Introduction

1.1 Polegate Town Council acknowledges the importance of prudently investing any temporary surplus funds held by the Council.

1.2 The Local Government Act 2003 Section 12 provides the power to invest

- For any purpose relevant to its functions under any enactment, or
- For the purpose of the prudent management of its financial affairs.
- Section 15(1) of the Act requires a local authority to have regard to guidance issued by the Secretary of State.

1.3 The current guidance makes the distinction between investments that are:

- High security and high liquidity (specified investments)
- Loans, and
- Those with potentially greater risks and lower liquidity (non-specified investments)

1.4 A ‘specified investment’ is one which is made in sterling, is not long term (less than 12 months), not defines as capital expenditure and is placed with a body which has a high credit rating or made with the UK Government, a UK Local Authority or a Parish or Community Council. Any other type of investment is considered ‘Non-Specified Investment’ to which there can be greater risk and where professional investment advice might be sought.

2. Investment objectives

2.1 The Council’s priorities are, in the following ranking order:

- The security of capital (protecting the capital sum from loss)
- The liquidity of investments (keeping funds readily accessible for expenditure when needed)
- Maximising income (earning the highest possible amount of interest within the framework of the national economic situation)

2.2 The Council will aim to achieve a high rate of return on investments commensurate with adequate safeguards of security and liquidity.

2.3 All investments, deposits and interest will be in pounds sterling.

2.4 The Ministry of Housing, Communities & Local Government (MHCLG) maintains that the borrowing of monies purely to invest or to lend and make a return, is unlawful and the council will not engage in such activity.

2.5 If external investment managers are used, they will be contractually required to comply with this policy.

3. Specified Investments

3.1 Specified investments are, by definition in the MCHLG guidance, those offering high security and high liquidity, made in sterling and with a maturity date no longer than a year.

3.2 Such short-term investments made with the UK Government or a Local Authority to Town/Parish Councils will automatically be specified investments, as will those with bodies or investment schemes of 'High credit quality'.

3.3 For the prudent manage of its treasury balances, maintain sufficient levels of security and liquidity, the Council will use:

- Deposits with UK banks, UK building societies, UK Local Authority or other UK Public authorities; and
- The Debt Management Office of HM Government

4. Non-specified Investments

4.1 Non-specified investment have greater potential risk – examples include investment in the money market, permanent interest-bearing shares from building societies and corporate stocks and shares.

4.2 Given the unpredictability and uncertainties surrounding such investments, the Council will no use non-specified investments.

5. Liquidity of investments

5.1 Subject to retaining sufficient working capital as defined in the Council's Reserves Policy, the RFO will determine the amounts and maximum period for which funds may be prudently invested.

5.2 The placement of surplus funds shall be delegated to the RFO with such delegated authority confirmed annually by the Council.

5.3 All delegations under this paragraph as subject to the safeguard arrangements in place within the Council's Financial Regulations, including payment signatory authorisations, reconciliations and reporting to council, as appropriate.

5.4 Credit ratings will be monitored at quarterly intervals. If the credit rating fall during that period, the RFO will decide on the appropriate action.

6. Long-term investments

6.1 Long-term investments are defined in the MCHLG guidance as greater than 12 months and it required that, should any council wish to invest for periods greater that 12 months, it must identify procedures for monitoring, assessing and mitigating the risk of loss of invested sums.

7. End of year reporting

7.1 An investment forecast for the coming financial year will be included in the Council's budget preparation. At the end of the financial year, the RFO will report on investment activity to the Finance and Policy Committee.

7.2 The Investment Policy will be reviewed by Full Council or Finance and Policy Committee.

7.3 Council will be able to amend or make variations to the Investment Policy at any time.

Statement prepared for adoption by Polegate Town Council at its meeting on 11.05.26

Signed by

Mayor of Polegate **Town Clerk/Proper Office/RFO**