

BINGLEY TOWN COUNCIL

Bingley Town Council, Myrtle Place, Bingley, BD16 2LF



Investment Strategy and Policy

Date of review: 26th July 2022

Next review date: July 2025

The Town Council acknowledges the responsibility of prudently investing the temporarily surplus funds and some of its funds held on behalf of the community as part of its fiduciary duty.

1. Strategy

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

- a) For any purpose relevant to its functions under any enactment, or
- b) For the purpose of 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.

The Town Council's investment priorities are primarily:

- a) The security of its reserves;
- b) The adequate liquidity of its investments.

A secondary investment priority is the return on investment - the Town Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

2. Policy

- a) To maintain not less than three months' average working capital requirement in current accounts giving immediate access.
- b) To place any other funds on deposit of up to one year's duration, depending on the prevailing interest rates and forecast cash flow requirements, noting that long term investments are defined in the guidance as being greater than 12 months.
- c) All investments will be made in sterling.
- d) Funds are only to be deposited or invested with:
 1. A UK clearing bank or their subsidiaries, or a UK Building Society, subject to their being assigned a credit rating of at least BBB + from Standard and Poor or Fitch, or Baa1 from Moody's (these all being comparative credit ratings or where a bank can provide assurances that a credit rating is not applicable).
 2. UK Government Stocks.
 3. UK local authority stocks or bonds.

4. A Public Sector Deposit Fund, with exposures only to banks and building societies and not to equities.

3. Procedures

- a) No more than £85,000 (or whatever amount is determined as being protected under the Financial Services Compensation Scheme) will be on deposit at any one time with any UK clearing bank or their subsidiaries.
- b) Monthly checks, as part of the Town Council's standard monthly banking controls, will be made to ensure sufficient working capital is in a current account that gives immediate access.
- c) Quarterly checks will be made on the credit rating of UK banks and subsidiaries that the Town Council invests its money with. In the event of a "major change" in the financial world, then these credit rating checks will be made monthly, for a period of six months after the "major change". A "major change" is deemed to be a fall in the FTSE 100 stock market, significant enough to be described in the media as a stock market "crash", or an increase or decrease in the Bank of England's interest rate in excess of 2%. In the event of a fall in the credit rating of the UK bank or subsidiary below BBB+, then the Council will immediately transfer all funds into its current account and seek to find an alternative investment as soon as possible. (See also point 2.1).