



Middlewich Town Council

Investments Policy

November 2022

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Introduction

- 1.1 This policy is created under guidance issued by the Secretary of State for Housing, Communities and Local Government in accordance with the Local Government Act 2003. The extant guidance was issued by MHCLG in 2018.
- 1.2 Middlewich Town Council acknowledges its responsibility to the community and the importance of prudently investing any reserves held by the council.

Objectives

- 2.1 The general policy objective of the Council is prudent investment of its balances. The Council's investment priorities are:
 - (i) Security of reserves
and then
 - (ii) Liquidity of investments
- 2.2 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

Investment Policy

- 3.1 The Town Council shall diversify its reserves between multiple relatively highly rated UK banks and building societies. The Town Council shall only use specified investments as defined by MHCLG guidance.
- 3.2 A significant percentage of the Council's bulked reserves shall be placed on interest bearing term/notice deposits.

- 3.3 To retain liquidity these shall be placed with phased end dates i.e. there will always be some maturing sooner than others.
- 3.4 No one investment shall be for a period longer than 12 months.
- 3.5 No investment shall be held with the council's current bankers.
- 3.6 The Town Council shall only invest with banks/building societies which it defines as "High Credit Quality". This being those with a credit rating of A with Moody's Investors Service or BBB with Standard and Poor's or Fitch Ratings Ltd.
- 3.7 The Town Council may also invest in the CCLA Public Sector Deposit fund subject to it maintaining a credit rating as required in 3.6
- 3.8 Investments shall be decided and placed by the Responsible Financial Officer having used due diligence including as a minimum finance search engines and ratings agencies.
- a. This shall be under the oversight of a standing Banking and Investments working group of two members of the Finance Committee
 - b. The actual movement of money shall be by the usual authorised signatories
- 3.9 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 Finance Committee before any investments are placed.
- 3.10 The Responsible Financial Officer shall review credit ratings of organisations in which the Council holds investments on a quarterly basis. Should the credit rating of an organisation fall below that specified under 3.6, the Responsible Financial Officer shall consult the Banking and Investments working group and take the appropriate action.
- 3.11 The Town Council considers that by only using specified investments that the officers and members involved in determining the placement of investments have sufficient capability and skills.

Non-Financial Investments

- 4.1 The Council owns two property (Victoria Hall and the Town Hall Victoria Buildings) which falls under the definition of an Investment Property under the International Accounting Standard 40. However, as it was acquired at no cost on the council's ~~establishment in 1974~~¹ it will always pass

¹ In accordance with the Local Government Act 1972, Parish Property as defined by the Local Government Act 1933.

the required fair value model assessment required by the MHCLG guidance. The Council will, however, regularly assess the asset's performance as an investment.

Revision

- 5.1 Any revisions to this policy shall be approved by the Full Council.
- 5.2 The Finance Committee shall review this policy annually and recommend any proposed changes to Full Council prior to the commencement of the new financial year. Where no changes are proposed, Full Council shall note the policy.
- 5.3 Notwithstanding 4.2 this policy shall be reviewed in the event the Bank of England increases its base rate above 3% or the Financial Services Compensation Scheme is extended to cover the Town Council.