**Read and Understood**

**Officers**

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**Councillors**

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| **Name** | **Initial** | **Date** |  | **Name** | **Initial** | **Date** |
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| **Date created**17th April 2025 | **Date adopted**23rd April 2025 | **Date last reviewed**23rd April 2025 | **Next review date** |
| **Meeting and Minute**Full Council 23rd April 2025Minute 468 | **Chair Signature** |

**1. Introduction**

* 1. Rugeley Town Council recognises the importance of prudently investing the funds held on behalf of the community.

1.2 This strategy is written in accordance with:

1. Section 15(1)(a) of the Local Government Act 2003.
2. Ministry for Housing, Communities and Local Government (MHCLG) Guidance on Local Government Investments.
3. CIPFA Treasury Management in the Public Services Code of Practice.
4. Governance and Accountability for Local Councils – Practitioners’ Guide.

1.3 This strategy 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

1.4 The strategy outlines the Council’s objectives for treasury management, ensuring funds are secure, accessible when required, and invested to achieve a reasonable return.

**2. The Strategy**

2.1 This strategy 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. Consultation took place with CCLA to consider.

**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 Both the CIPFA Treasury Management Code and MHCLG Guidance require the Council to invest its funds prudently, and to have regard to the security (protecting the capital sum from loss) and liquidity (ensuring funds are easily available / available when required) of its investments before seeking the highest rate of return / yield.

3.3 The Council’s investment priorities are, in order:

* Security – ensuring the investment capital is protected.
* Liquidity – ensuring funds are available when required.
* Yield – achieving a modest return consistent with security and liquidity.

3.4 The Council will not engage in borrowing purely for investment or to make a return.

3.5 Investment decisions will reflect a cautious approach that minimises exposure to risk and prioritises the safeguarding of public funds.

**4. Types of Investments**

4.1 MHCLG Guidance defines specified investments as those:

These are:

* In sterling.
* Have a maturity of no more than 12 months.
* Do not constitute capital expenditure.
* Are made with:
	+ The UK Government.
	+ UK local authorities or public bodies.
	+ Institutions with a credit rating of A- or above.

Permitted specified investments include:

* High street bank and building society accounts.
* Treasury deposits with UK clearing banks.
* FCA-regulated money market funds.
* The CCLA Public Sector Deposit Fund.

4.2 The choice of institution and length of deposit will be at the discretion of the Full Council. In October 2021 it was agreed that the CCLA Public Sector Deposit Fund be used to hold all funds not being held in the Lloyds Bank current account.

4.3 Non-Specified Investments

Due to higher risks, non-specified investments (e.g. stocks, shares, property) will not be used by Rugeley Town Council.

**5 Loans**

5.1 The Council will not make loans to local enterprises, local charities, wholly owned companies, joint ventures or individuals for any reason.

**6. Liquidity of Investments**

6.1 Full council 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 MHCLG Guidance.

7.2 The Council does not currently hold any funds in long term treasury investments, and none are envisaged as being taken out.

**8. Banking Arrangements**

8.1 The Council holds:

* Lloyds Bank Current Account (high street access).
* Lloyds Bank Savings Account (online access).
* Unity Trust Current Account (online access).
* CCLA Public Sector Deposit Fund (investment reserve).

8.2 Our main day to day banking will be with Unity Trust and the Clerk will maintain a balance of £7500 - £50,000, while CCLA will hold amount in ear marked reserves and 75% of our general reserves due delayed transfers. Any surplus will be held in Lloyds Savings Account with instant access, allowing operational liquidity while limiting exposure.

8.3 Bank mandates and signatories will be reviewed annually. Online banking is permitted with dual authorisation and appropriate controls.

8.4 The Council will periodically review its banking provider based on service level, charges, ethical credentials, and FSCS protection.

**9. Credit Risk and Diversification**

9.1The accounts held by Rugeley Town Council ensure that financial liability is spread across different financial institutions. The Town Council is mindful of the requirements of the FCSC regarding the £85,000 limit in individual institutions but is also aware that annual income of the Town Council is close to income of £400k per year.

9.2 To minimise risk:

* No more than £85,000 will be invested in any single institution, where FSCS protection is limited.
* The Clerk will ensure funds are spread across eligible institutions with high credit ratings.

9.3 Any significant downgrade in credit rating will be reported immediately to the Full Council.

**10. Ethical Considerations**

The Council will, where practical, consider ethical banking providers that align with its environmental and social values.

**11. Liquidity and Reserves**

11.1 The Council will:

* Maintain a general reserve of approximately 6 months of annual net revenue expenditure.
* Build capital and earmarked reserves for future needs and unexpected events.

11.2 Full council will oversee investment timing to avoid compromising liquidity.

**12. Reporting and Review**

12.1 The Clerk will report monthly to Full Council on investment performance and compliance through the use of bank reconciliations.

12.2 This Strategy will be reviewed annually and updated as required by changes in legislation, guidance, or Council policy.