

Penistone Town Council

Investment Policy: Financial Year 2025/26

Introduction

Arrangements need to be in place to ensure that the authority's funds are managed properly and that any amounts surplus to requirements is invested appropriately, in accordance with an approved strategy which needs to have regard to the government's statutory guidance on local government investments. The guidance being issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018.

If total investments are to exceed the threshold specified in the statutory guidance at any time during a financial year, the authority needs to produce and approve an annual investment strategy in accordance with the guidance. The current threshold being investments in excess of £100,000 at any time during the financial year.

Penistone Town Council acknowledges its responsibility to the community and the importance of prudently investing any reserves held by the council.

Policy Objectives:

The general policy objective of Penistone Town Council is prudent investment of its balances.

The priorities for any investment decision by PTC shall be:

1. Security of reserves - protecting the capital sum invested from loss; and
2. Liquidity of investments – ensuring the funds invested are available for expenditure when needed to ensure operational efficiency.
3. Ease of operation and monitoring.

The generation of yield is distinct from these prudential objectives. However, this does not mean that PTC will ignore any potential revenues. Once proper levels of security and liquidity are determined, it will then be reasonable to consider what yield can be obtained consistent with these priorities.

All investments will be made in sterling and as a minimum, surplus funds will be placed into interest bearing bank accounts.

Investment Strategy:

The purpose of surplus funds held by PTC is to provide:

1. A General Reserve with sufficient liquidity to cover 3 months of normal expenditure as per our Reserves Policy.
2. Ear Marked Reserves for capital or other identified projects.

Management of surplus funds:

A significant percentage of the Councils reserves shall be placed into interest bearing bank accounts.

The Town Clerk may transfer a portion of current year funds into interest bearing accounts and transfer funds from such interest-bearing accounts to current accounts on a routine basis as required. Financial Regulation 6.9 (iv) limits each transfer to £20k.

The Town Clerk/Finance Officer shall determine and routinely review the minimum balance to be held in the current accounts and shall ensure this is maintained.

Investment activity will be reported to the Council on a regular basis.

The councils' deposits are currently held with Natwest and NS&I. The accounts used being structured to maximise interest received while ensuring the appropriate security and liquidity:

Current bank accounts strategy:

1. Business Current Account - to be maintained with sufficient funds for day-to-day transactions, to receive the precept and business income. No interest received on this account.
2. Business Reserve Account – to be maintained with surplus funds that will be required within 30 days. An interest-bearing account.
3. 35 Day Liquidity Account - to be maintained with surplus funds and not required for a minimum of 35 days. An interest-bearing account.
4. 95 Day Liquidity Account - to be maintained with surplus funds and not required for a minimum of 95 days. An interest-bearing account.

Long term Investments:

Any decisions regarding long term investments will be made by full council, which will agree the length and amount of the investment, after consideration of the risks and security against the potential yield of the investment.

Signed.....Chair, Penistone Town Council

Date: 19 May 2025