



Wells City Council

Investment Policy Document No. 21

Purpose	Guidance to clarify Wells City Council's policy regarding investment of funds
Additional Papers	To be read in conjunction with the Finance Regulations and Reserves Policy
Reviewed by	Full City Council
Adopted	May 2025
Review Date	May 2026

1. INTRODUCTION

1.1 This policy is created under guidance issued by the Secretary of State for Communities and Local Government in accordance with the Local Government Act 2003. The extant guidance was issued by MHCLG in 2018.

1.2 Wells City Council acknowledges its responsibility to the community and the importance of prudently investing any reserves held by the council.

2. OBJECTIVES

2.1 The general policy objective of the Council is prudent investment of its balances and risk mitigation. The Council's investment priorities are

- (i) Security of reserves and then
- (ii) Liquidity of investments
- (iii) Yield of its investments

2.2 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

3. INVESTMENT POLICY

3.1 Wells City Council shall diversify its reserves between multiple relatively highly rated UK banks and building societies. The 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 Wells City 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 'B' with Standard and Poor's or Fitch Ratings Ltd.

3.7 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.

- (i) This shall be under the oversight of two members of the Finance Committee
- (ii) The actual movement of money shall be by the usual authorised signatories

3.8 The procedure for undertaking investments, considering the need for timely and speedy placing of deals) shall be documented by the Responsible Financial Officer (RFO) and approved by the Finance Committee before any investments are placed.

3.9 The RFO 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 RFO shall consult the Finance Committee and take the appropriate action.

4. TREASURY POLICY

4.1 The Council will hold all its funds as cash deposits in banks accounts or bonds or with CCLA Public Sector Deposit Fund, or suitable funds allocated by the Council's Solicitor

4.2 A business account will be maintained with sufficient funds for day to day transactions and to receive the precept and business income.

4.3 The maximum of the council's cash deposits which may be held with one institution must not exceed 60%. Any exception to this limit must be approved by full council.

4.4 Full Council approval is required if a deposit is with an institution with which the council does not already hold an account. The RFO has delegated authority to deposit funds with any of the council's existing bankers and report this back to the council.

5. REVISION

5.1 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.

5.2 Any revisions to this policy shall be approved by the Full Council.

5.3 Notwithstanding 5.1 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.