INVESTMENT STRATEGY & POLICY

Agreed by the Finance and General Purposes Committee on 28 September 2005.
Revised by the Resources and General Services Committee on 8 January 2020.
Reviewed and agreed by the Resources and General Services Committee on 7 October 2026.
Next review date October 2030.

1 The amount of money held in General and Earmarked Reserves shall be identified at the end of each financial year and reported to the Resources and General Services Committee at the same time as the statutory Statements of Accounts. Where Earmarked Reserves include Capital Reserves and Unspent Loans, they will be specifically identified.

2 Earmarked Reserves
The council will keep such sums in earmarked reserves as shall be considered necessary to support future expenditure on specific projects or as funds built up towards significant future revenue expenditure or to meet anticipated liabilities.

3 General Reserves

3.1 The council shall maintain a prudent level of general reserves (Councils are advised to maintain equivalent to 3-12 months net expenditure) to ensure it can meet its on-going commitments, respond to any need for emergency or unplanned expenditure, and overcome any cash flow difficulty which might arise.

3.2 The council will normally aim to maintain general reserves at a minimum of one quarter (3 months running costs) and maximum of two thirds (8 months running costs) of net budgeted annual running costs*.

4 Savings and Investments

4.1 To ensure the Council is achieving the best possible interest rates on its reserves while improving efficiency and simplifying banking administration, it is proposed that banking arrangements be consolidated and revised.
Under the new arrangements, a single account with **Nationwide** will be retained for the Council's general reserves. The **current account** will be used to receive the annual precept and processing of staff salaries. As these changes will meet the Council's operational banking requirements, there will no longer be a need to maintain the existing **NatWest** accounts, which can therefore be closed.
In addition, **earmarked reserves** will be transferred to a **notice account with Unity Trust Bank**, enabling these funds to earn a competitive rate of interest while remaining accessible

when required. Improving banking functions will streamline account management, simplify mandate administration, and help maximise returns on Council funds.

**Net budgeted annual running costs means the expenditure which each committee has estimated it will spend on its on-going services in the following year, less the income it expects to receive, after any adjustments to the budgets have been made the Resources and General Services Policy Committee for any reason.*