

Treasury Management Policy

May 2024

Review May 2025

1. Overview

1.1 This document gives guidance on borrowing and investments by the Council and highlights that the Council is committed to treasury management to ensure that:

- Capital expenditure plans are affordable.
- All external borrowing and other long-term liabilities are within prudent and sustainable levels.
- Treasury management decisions are taken in accordance with good professional practice.

1. Introduction

2.1 At 31st March 2024, the Council had £1,717,123 of General and Earmarked reserves spread across its current and instant access accounts including in CCLA's PSDF Account. In summary, the reserves break down as follows:

General Reserve	£311,586
EMR Capital Projects	£312,064
CIL	£185,606
EMR Services to be devolved	£498,075
Other Earmarked Funds	£409,792

2.2 Interest rates have been slowly rising from a historic low and in the past financial year the Council has received £70,101 in interest. Future interest rates are unpredictable, but they are expected to fall as the financial year progresses. The Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

2. Investment Objectives

- 3.1 The Council's investment priorities are the security of reserves and liquidity of its investments.
- 3.2 The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 3.3 All investments will be made in sterling.
- 3.4 The Department for Levelling Up, Housing and Communities maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Council will not engage in such activity.

4. Specified Investments

4.1 Specified investments are those offering high security and high liquidity, made in sterling and with a maturing of no more than one year.

4.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:

1. Deposits with banks, building societies, local authorities, or other public authorities.
2. Churches, Charities and Local Authorities Investment Management Ltd (CCLA) in 'The Public Sector Deposit Fund'.

5. Non-Specified Investments

5.1 Non-specified investments have greater potential risks – examples include investment in the money market, stocks, and shares. The Council will not use this type of investment.

6. Liquidity of investments

6.1 The Responsible Financial Officer will determine the maximum period 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 dues are paid over to the counterparty.

7. Long-Term Investments

7.1 It is not anticipated that the Council will enter into long-term investments beyond one year without advice from its accountants.

8. Investment Reports

8.1 Interest income is identified in the monthly management accounts and reported monthly and year to date.

8.2 The CCLA 'Public Sector Deposit Fund' is an instant access account, with funds returned to the Council's current account on the same day if the request is sent by 11am.

8.2 Investment programme recommendations:

(a) Approximately 6 weeks Gross Expenditure to be held in the Council's Instant Access Bank Account (currently with HSBC). (Currently approx. £180,000).

(b) Balance of all Funds to be held in CCLA PSDF.

(c) Precept – when received invest each instalment in CCLA PSDF.

(d) Draw down 1 month's Net Expenditure from PSDF to Instant Access Account. (Currently approx. £125,000).

9. Approval and Mechanism

9.1 The outline figures in (a) and (b) above are commended to the Council for approval and once approved the Town Clerk will carry out all transactions in the normal way. Investigation will be made to improve the rate from CCLA but will consider other institutions and take into account high street presence, accessibility of funds, service level, bank charges, and ethical credentials.

10. Earmarked Reserves

10.1 The Council will maintain reserves for the following reasons:

(a) A sum equivalent to a minimum of three months' net revenue expenditure is held in the General Reserve in line with good practice. The amount currently required is a minimum of £368,000.

- (b) The Capital Reserves have been built up to meet any needs identified in the strategic plan, future needs and for unexpected expenditure or emergencies.
- (c) Other reserves held have been identified for specific purposes or future development, to meet commitments and will be maintained as necessary.

11. External Borrowing Strategy

- 11.1 The Council acknowledges the importance of borrowing funds and the financial impact on the authority.
- 11.2 During the 2024 - 2025 financial year it is not anticipated that the Council will have any need to borrow funds for any of its projects. However, for any borrowing the Council would use the Public Works Loan Board which has strict guidelines on applications and the normal processes would be followed.
- 11.3 For the existing borrowing in place, provision is made in the revenue budget to repay the borrowing within the planned period.