

TAVISTOCK TOWN COUNCIL
TREASURY MANAGEMENT POLICY

1. Policy Background

- 1.1 Tavistock Town Council's Treasury and Investment Policy and its associated strategy are conducted in accordance with:
- i) The Local Government Act 2003 (the Act) and supporting regulations. This requires the Council to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
 - ii) The statutory guidance on local government investments (issued subsequent to the Act) which requires the production of an Annual Investment Strategy and gives guidance on how this should be completed.
- 1.2 It is uncommon for a parish council to hold investments other than in the form of easily accessible bank deposits or other short-term savings accounts. These are often used to maximise income from cash balances during the financial year.
- 1.3 The legislation and associated guidance is optional for parish councils where investments are not expected to exceed £500,000 and no action is required below £10,000. However, for Tavistock Town Council where the sums involved exceed £500,000, the guidance is mandatory.

2. Definitions

- 2.1 Investments – all balances, other than in interest bearing savings accounts of up to 12 months in duration. These are treated as capital expenditure and all sums involved must

generally be treated as restricted capital receipts when the investment period ends.

- 2.2 Treasury – all cash deposits held in in interest bearing savings accounts (including bonds of up to 12 months in duration).

3. Policy Objectives

3.1 The overriding policy objectives are:

- To invest prudently to ensure the security of the principal sums.
- To maintain liquidity in the portfolio to meet the council's spending plans.
- To mitigate risk.
- To seek the optimum returns available whilst remaining consistent with the proper levels of security and liquidity.

4. Investment Policy

4.1 Tavistock Town Council will not hold funds other than in bank accounts or bonds of 12 months or less in duration.

4.2 No investments will be made in stocks and shares. The only exception to this are the shares currently held in Pennon Group.

5. Treasury Policy

5.1 Tavistock Town Council will hold all its funds as cash deposits in bank accounts or bonds (see below re CCLA).

5.2 The maximum of the council's cash deposits which may be held with one institution, over and above the general operating reserve and imprest account for regular expenditure, must not exceed 60% other than

- on a temporary basis (which shall be defined as a period not exceeding 3 months),
- or where suitable alternative accounts are not available in the market place,

In the event of either situation arising the matter shall be reported to full Council via the Budget and Policy Committee (Appendix A refers).

Any exception to this limit must be approved by full Council

5.3 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 or CCLA (wherein cash deposits are spread between financial institutions so as to reduce risk, and then held in the form of shares in a cash fund) and report this back to the council.

Current approved providers are:

- Barclays Bank;
- Lloyds
- Nat West
- TSB
- HSBC
- Unity Trust
- Co-Operative Bank;
- CCLA (Churches, Charities and Local Authorities) – Deposit fund only

5.4 A procedure for making a deposit can be found in Appendix A

Appendix A

Procedure for Deposits

1. RFO to identify an appropriate deposit account or short-term bond with a financial institution that fits with the council's treasury policy. Any bonds should be capital sum guaranteed.
2. Approval of full council is sought if the deposit is with a financial institution not currently approved by the council.
3. The RFO actions the opening of the account and the setting up of the bank mandate for signature in accordance with the financial regulations
4. The RFO actions the deposit/transfer of funds
5. The transfer/deposit is reported to the council
6. At the end of the fixed term the RFO has delegated authority to move the funds into another bond with the same financial institution or with another of the council's bankers.

Procedure for Bank Transfers

1. Delegated authority is given to the RFO to make transfers between the accounts of the same bank without prior approval of the council.
2. Transfers between banks will follow normal payment procedure as detailed in the financial regulations
3. Details of all transfers to be provided to the council with the monthly finance report.

Procedure for Occasions of non-Compliance with para 5.2

1. Where the Council does not comply with the thresholds set the reasons will be reported to the Budget & Policy Committee and Council which will consider whether to endorse the reason for the variation, seek compliance, or amend the threshold.