

# Newbury Town Council

## Treasury Management policy

### Introduction

Newbury Town Council's Financial Regulations state that *"The Council will maintain reserves funded from revenue. The sum total of the above named reserves must always be a minimum of three months' annual revenue expenditure"*.

*(the following are excluded for the above, as they may be repaid to other organisations/ persons:*

- *Community infrastructure levies*
- *Election expenses*
- *Any Section 106 monies received in the future*
- *Any refundable deposits, securities or other guarantees held by the Council.*

This means that we regularly have surplus funds available and it is important that such funds are invested prudently with due regard to the Council's fiduciary responsibility to the Council Tax payers and to the priority for security and liquidity of those investments.

Currently the Council's funds are automatically dealt with by Handelsbanken, and interest is applied to any excess funds which the Council holds. Additionally, the Council has invested £250,000 into the CCLA Deposit Fund.

The Town Council is required by the Local Government Act 2003 to determine an annual Investment Strategy and must have regard to "Guidance on Local Government Investments 2010". This strategy must be approved by the Council but may be varied from time to time as circumstances dictate. The Strategy will be a public document as defined by the Freedom of Information Act 2000.

### Investment Strategy

All of the Town Council's investments will be Specified Investments which means that:

- a) All investments will be made in sterling and any payments or repayments will also be made in sterling, with UK registered institutions only.
- b) All investments will be made with a body or an investment scheme which has been awarded a high credit rating by a credit rating agency
- c) A credit rating agency will be taken as one of the following:
  - Standard and Poor's
  - Moody's Investors Services Ltd
  - Fitch Ratings Ltd

A high credit rating will be defined as 'A' 'High Credit Quality', referring to the Long-Term grade issued in relation to an institution.

Credit ratings will be monitored regularly and if the rating falls consideration will be given at the next Council meeting of the appropriate action to be taken.

### **Current Investments**

The Council invested £250,000 with the Public Sector deposit fund in 2016. The investment was made in line with the above Strategy. Since then, until recently, interest rates have been at record low levels. The investment was worth £255,956.31 at 31 August 2022. It is expected that the Council will cash in this investment when funding the construction of the Community Café in Victoria Park later in this financial year.

### **External Borrowing**

No borrowing approval is required for temporary loans or borrowing by way of an overdraft. However in order to borrow to fund capital expenditure approval must first be given by the Department for Communities and Local Government. The process to be followed and the criteria applied in deciding whether or not approval should be forthcoming are detailed in the Guide to Parish and Town Council Borrowing in England jointly published by the Department and NALC.

### **Current External Borrowing**

The Council currently has no external borrowing. The Council has approval to borrow up to £300,000 for the café in Victoria Park, permission for which expires on 7 February 2023.

### **Loans**

Councils may make loans so long as they can demonstrate that the financial exposure is proportionate; they have appropriate credit control arrangements in place; they formally agree the limit they are prepared to loan and the risk of non-repayment of the loan and interest has been considered.

The Council is currently in a strong financial position and this will continue to be the case, pending the capital expenditure expected on the new Community Café in Victoria Park, later this year.

### **Security of funds**

The Council can at certain times of the year hold substantial funds in its current account. This can arise due to the cyclical nature of the precept payments (half in April and half in October.)

Councils are not covered by the Financial Services Compensation Scheme, which has an upper limit of £85,000. Therefore, the Council may need to move some funds from its main bank account, into some other secure deposits, to spread the risk, in the event of any financial failures.

Alternatives available include the following;

- Short term investment with the District Council
- Increasing our investment with the Public sector deposit Fund
- Other investment managers in the sector
- A combination of the above.

The Council's Responsible Financial Officer will arrange any such transfer of funds. These will be subject to the Council's approval processes, which include the CEO and 2 members of the Council. Where time permits, all transfers should be approved beforehand by the Policy and Resources Committee. Where this is not feasible, the RFO may arrange transfers, after consulting the Chairperson of the Policy and Resources Committee and reporting to the Council at the next available opportunity.

12 June 2023.