

# Newbury Town Council

## Treasury Management policy

### Introduction

Newbury Town Council's Financial Regulations state that "*The Council will normally maintain the following specific named earmarked reserves funded from revenue:*

- a) *Capital Equipment Reserve (usually £5,000)*
- c) *Committee Reserves (comprising unspent balances and budget allocations for specific projects – agreed at April Policy and Resources committee meeting)*
- d) *Election Administration Fund (based on projected elections)*

*The sum total of the above named reserves plus the general fund balance must always be a minimum of four months' annual revenue expenditure".*

This means that we regularly have appropriate 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 short term investments not to exceed 12 months
- c) 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
- d) 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.

### 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's existing borrowing as at 1 April 2019 totals £2,500 with the Public Works Loans Board, which will be repaid in September 2019 at an interest rate of 5.5%. The Council currently has approval for further borrowing of £250,000 for the café in Victoria Park, permission for which expires on 28 November 2019.

### **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 Victoria Park developments, later this year. Arising from this, the Council intends to loan the first half of the 2019/20 precept, £512,491.50, to West Berkshire Council for four months in return for interest at 0.65% (This compares favourably to the interest rate of 0.35% offered by our bank for fixed term lending, or 0.2% on our current account and is expected to yield an additional £768 for the Council.

Approved at P&R committee 29 April 2019