

Congleton Town Council

Treasury Management Policy

1. Policies

When considering financial plans and preparing the annual budget, the Council will aim to:-

Maintain a working bank account balance to help cushion the impact of uneven cash flows, e.g. prior to receipt of half-yearly precept payments from the principal authority; referred to as the Current Account and maintained at roughly two months' gross anticipated expenditure.

Maintain a contingency reserve, not earmarked for specific purposes, to cushion the impact of unexpected events or emergencies; referred to as the General Fund, and maintained at roughly three months' gross anticipated expenditure.

Maintain earmarked reserves, to meet known or predicted liabilities, identified individually in the Councils budgets and annual accounts. Allocations for repairs and renewals will be included in annual estimates of income and expenditure and therefore funded by the Council's precept, in order to maintain earmarked reserves; to augment or reduce them, or to establish new reserves according to Council decisions from time to time.

2. Policy on Financial Investments

This policy has been produced and complies with the guidance issued by the Secretary of State under Section 15(1) (a) of the Local Government Act 2003.

The Town Council acknowledges its responsibility to the community and the importance of prudently investing the temporary surplus funds held on behalf of the community.

3. Objectives

The general policy objective for this Council is prudent investment of its balances. The Council's investment priorities are:-

- the security of its reserves, and
- the liquidity of its investments.

The Council will aim to achieve a reasonable return on its investments commensurate with proper levels of security and liquidity.

4. Treasury Management Policy

The Town Council currently has some £569,000 of Reserve & Unspent Loan Funds.

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In summary the Reserves break down as follows:

	£
General Reserve	<u>161,000</u>

Capital Funds

Capital Contingency	169,000
Unspent Loan Funds	111,000
Vehicle Replacement	24,000
Unspent precept	<u>273,000</u>
	<u>287,000</u>

Other Earmarked Funds	<u>121,000</u>
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In total these balances currently attract interest of approximately £3,500 p.a. but the Civic Hall roof refurbishment when complete will probably halve this income and all without consideration of unspent Precept balances which are received (effectively) six-monthly in advance.

5. Suggested Strategy

It should be recognised that the anticipated call on these semi-permanent balances can be predicted well in advance, and as such a far better return could be achieved by placing funds on a constructive mix of Guaranteed Investment (Treasury) deposits. At the time of writing the following rates are on offer:

	R B S	Co-op	Nationwide	CCLA
Instant access	0.75	0.10	0.75	0.469
3 months deposit	0.6	0.719	1.15	0.469
6 months deposit		0.840	1.30	0.469
12 months deposit	1.00	1.436	1.55	0.469

The rates do of course vary constantly and what is stated today will be different to that quoted next week

CCLA, The Public Sector Deposit Fund is a sub fund of CCLA Public Investment Fund which is authorised by the FCA and is not the same as placing money with a bank, but, is being used by some local authorities for placing of short term deposits of money

Nationwide whilst it publicises company savings accounts does not want to do business with Town and Parish Councils, thus denying us the ability to utilise somewhat more attractive interest rates

6. Actual Investment Suggestions

It is recommended that the council's Reserve Funds and Precept (as received) be invested in Guaranteed Investment (or other equivalent) deposits as follows:

	<u>Amount</u>	<u>Interest (est.)</u>
		<u>(R B S)</u>
a: <u>General Reserve</u>	£	£
Invest for fixed term of 12 months	160,000	1600
b. <u>Capital Funds</u>		
Leave in instant access account	250,000	1875
c: <u>Other Funds</u>		
Invest for 12 months at a time	150,000	1500
d: <u>Precept</u>		
When received invest 50% (of each instalment) for 3 months only)	180,000	1350

Based on this strategy it is estimated that Interest Income on specifically invested funds for 2014-15 would amount to £6,325 with RBS. The Coop Bank has been discounted as it is getting out of providing bank accounts for local government and because of its current difficulties, whilst Nationwide does not want to deal with local government

7. Approval and Mechanism

The above outline Investment Strategy is commended to the council for approval (subject to any detailed amendments that may be felt desirable). Once approved no further authorisation of actual investments should be required. The transactions do not represent expenditure/payment by council and thus are not required to comply with LGA 1972 s150 (5) – signature by two councillors. It is suggested that the Town Clerk (after confirmation with the Chairman of Finance) is authorised under the council's existing bank mandate to make such investments as required to implement the Strategy.