



WHITCHURCH TOWN COUNCIL

Treasury Management Policy (June 2013)

The Town Council will only maintain reserves for the following reasons:-

1. A sum approximately equal to 25% of its Net Revenue Expenditure will be maintained as the General (non-ear marked) Reserve, in accordance with good practice.
2. A capital reserve will be built up to meet any needs identified in its Medium Term Financial Plan or for unexpected expenditure or emergencies.
3. Other reserves which are ear marked for specific purposes or future development, or to meet commitments, will be maintained as necessary.

The Council also manages substantial funds for 3 charitable trusts.

The Council has historically invested through its bank, by linked accounts, which allow transfer of money not immediately required in the main current account. These currently attract a very poor rate of return on such significant sums, and all without consideration of unspent Precept balances which are received (effectively) six-monthly in advance. The majority of the Charitable Trust money is currently invested for a three year period, expiring in April 2014.

The Council will invest its reserves and other monies not immediately required so as to maximise return and accessibility and to minimise risk. It will take advice from its Accountant where appropriate. All investments must be in accordance with the Financial Regulations.

It should be recognised that the anticipated call on these semi-permanent balances can usually be predicted well in advance, and as such a better return could be achieved by placing funds on a constructive mix of Guaranteed Investment deposits. The following guides for investment are adopted at present:

- a: General Reserve: Invest for fixed term of up to 12 months
- b: Capital Funds required within 3 months: invest for fixed term of six months
- c: Other Funds: Invest for 6-12 months at a time
- d: Trust funds: Invest for fixed term of 2-3 years, but recognise that grants may only be paid at the end of each investment period from interest earned.
- e: Precept: When received invest 50% (of each instalment) for 3 months only

The Council will periodically review its banking arrangements by a competitive process which balances returns, high street presence, accessibility of funds, service level, bank charges and ethical credentials.

The Council will only take out loans if it benefits the aims of its Medium Term Financial Plan, and in any case in compliance with its Standing Orders. Provision will be made in revenue budgets to re-pay borrowing within the planned period.

The Council will, in accordance with its Standing Orders, review this policy at least annually. The next formal review will take place during 2013/14 as the budget for the following year is considered.

Approval and Mechanism

This Policy once approved, should require no further authorisation of actual investments. 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. The Town Clerk, following business risk assessment (and after consultation the Accountant and Chairman of Finance & Strategy) is authorised under the Council's existing bank mandate to make such investments as required in terms of the Strategy.