



## SARRATT PARISH COUNCIL

### POLICIES AND PROCEDURES: TREASURY MANAGEMENT & INVESTMENT MANAGEMENT

#### 1. Policy Background

1. Sarratt Parish Council's treasury and investment policy and its associated strategy are conducted in accordance with:
  - a. 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.
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.
3. The legislation and associated guidance is optional for Parish Councils where investments are not expected to exceed £100,000 and no action is required below 10,000. However, for Councils where the sums involved exceed £100,000, the guidance is **mandatory**.

#### 2. Definitions

1. Investments – all investments of more than 12 months in duration. This is treated as capital and all sums involved must be used for capital expenditure when the investment period ends.
2. Treasury – all cash deposits held in bank accounts which includes bonds of up to 12 months in duration.

#### 3. Policy Objectives

- 3.1 The overriding policy and strategy 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 appropriate **return** on saving accounts available whilst remaining consistent with the proper levels of security and liquidity.
  - The Council is not allowed in law to borrow more than, or in advance of, their need purely in order to profit from an investment which may be in financial or non-financial assets.

- The Council is committed to transparency and openness in reporting and to making it easy for informed observers to understand how good governance and democratic decision accountability have been exercised.
- The Council will take account of and seek to invest, where appropriate, to support high social, environmental and other ethical standards.

#### **4. Investment Policy**

1. The Council will not hold funds other than in bank accounts or deposit bonds of 12 months or less in duration.
2. No investments will be made in stocks and shares.

#### **5. Treasury Policy**

1. The Council will hold **all** its funds as cash deposits in banks accounts and none in bonds or with CCLA Public Sector Deposit Fund.
2. A business account will be maintained with sufficient funds for day to day transactions and to receive the precept and business income.
3. The maximum of the Council's cash deposits which may be held with one institution must not exceed 70%.
4. Any exception to this limit must be approved by full Council.
5. 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, acting jointly with the Resources and Policy lead and Chair of the Council, to deposit funds with any of the Council's existing bankers and report this back to the Council.
6. A minimum of 50% of the annual precept is to be held as retained reserves and is not be utilised or distributed for working capital expenditure or items.

#### **6. Procedure for Deposits**

1. The Resource and Policy Lead, in conjunction with the 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 used by the Council.
3. The RFO actions the opening of the account and the setting up of the bank mandate for Council Members to sign in accordance with the financial regulations.
4. The RFO actions the deposit/transfer of funds jointly with the Resources and Policy Lead overseen by the Chair of the Council.
5. The transfer/deposit is reported to the Council.
6. At the end of the fixed term the RFO is to request the Council's approval, again in conjunction with the Resources & Policy Lead and Chair of the Council, to retain the funds into another bond with the same financial institution or within the existing Council's bankers.

**7. Procedure for Bank Transfers**

1. Delegated authority is not 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 Council's Financial Regulations.
3. Details of all transfers to be provided to the Council with the monthly finance report.

**Reviewed and adopted:12 March 2024**