

## **Investment & Treasury Policy**

Dartmouth Town Council has adopted the following Investment & Treasury Policy, which establishes formal objectives, policies, practices and reporting arrangements for the effective management and control of the Council's treasury management activities, and the associated risks, and should be read in conjunction with the Council's Financial Regulations.

### **1. Introduction**

1.1 This policy complies with the requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments issued under Section 15 (1) (a) of the Local Government Act 2003 and guidance within 'Governance and Accountability for Smaller Authorities in England' Practitioners Guide

1.2 The Local Government Act 2003 Section 12 provides the power to invest:

- (a) for any purpose relevant to its functions under any enactment or
- (b) for the purpose of the prudent management of its financial affairs.

Section 15(1) of the Act requires a local authority to have regard:

- (a) to such guidance as the Secretary of State may issue, and
- (b) to such other guidance as the Secretary of State may by regulations specify for the purposes of this provision.

1.3 It is uncommon for a town 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.

1.4 The legislation and associated guidance is optional for parish councils where investments are not expected to exceed £500,000 and no action is required below £10,000. However, for Councils where the sums involved exceed £500,000, the guidance is mandatory.

1.5 The Guidance recommends that a council produces an Annual Investment Strategy which sets out its policy for managing its investments giving priority to two underlying objectives:

- Security – protecting the capital sum invested from loss; and
- Liquidity- ensuring the funds invested are available for expenditure when needed

### **2. Definitions:**

2.1 Specified Investments – one which is made in sterling, is not long term (less than 12 months), not defined as capital expenditure and is placed with a body which has a high credit rating or made with the UK Government, a UK Local Authority or a parish or community council.

2.2 Treasury – all cash deposits held in bank accounts which includes bonds of up to 12 months in duration.

- 2.3 Non-specified investments – any financial investment that does not meet the criteria to be treated as a specified investment.

### **3. Investment Objectives:**

- 3.1 Security: To invest prudently to ensure the security of the capital sums & mitigate risk
- 3.2 Liquidity: ensure the funds invested meet the portfolio needs of the Council & available for expenditure when needed
- 3.3 Yield: to seek the optimum returns available whilst remaining consistent with the proper levels of security and liquidity.

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

- 4.1 The Council will not hold funds other than in bank accounts or deposit bonds of 12 months or less in duration.
- 4.2 No investments in stocks or shares.

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

- 5.1 The Council will hold **all** its funds as cash deposits in bank accounts or bonds or with CCLA Public Sector Deposit Fund.
- 5.2 A business account will be maintained with sufficient funds for day-to-day transactions and to receive the precept and business income.
- 5.3 The maximum of the council's cash deposits which may be held with one institution must not exceed 60%. Any exception to this limit must be approved by Full Council.
- 5.4 Full Council approval is required if a deposit is within an institution with which the Council does not already hold an account. The Clerk and/or RFO has delegated authority to deposit funds with any of the Council's existing bankers and report this back to the Council.

### **6. Procedure for Deposits & Transfers:**

- 6.1 The Clerk and/or 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, as set out in Dartmouth Town Council's Financial Regulations
- 6.2 Approval of Full Council is sought if the deposit is with a financial institution not currently used by the Council.
- 6.3 Opening of the account & all transfers between banks and accounts will follow normal payment procedures as detailed in the Council's Financial Regulations.
- 6.4 The Clerk and/or RFO actions the deposit/transfer of funds.
- 6.5 Details of all transfers to be provided to the Finance & General Purposes Committee with the monthly Financial Report.
- 6.6 At the end of the fixed term, the Clerk and/or RFO has delegated authority to move the funds into another bond with the same financial institution or with another of the Council's bankers.

### **7. Review:**

- 7.1 This policy will be reviewed by the Council on an annual basis in March, prior to the start of the Financial year. Any variation to the policy will be submitted to the Council for approval. A copy will be available on the Council's website.



7.2 The Council reserves the right to make variations to the Investment and Treasury Policy at any time subject to approval by Full Council. Any variations will be minuted and made available to the public.

Adopted by Dartmouth Town Council on 22<sup>nd</sup> March 2021

Next review in March 2022