LOGGERHEADS PARISH COUNCIL
TREASURY MANAGEMENT POLICY

Approved by Council: November 2023
Date of Review: May 2026

Introduction

Loggerheads Parish Council acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community. This Strategy complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments and considers Section 15(1)(a) of the Local Government Act 2003 and guidance within Governance and Accountability for Local Councils Practitioner's Guide 2018. The Ministry of Housing, Communities and Local Government (formerly known as the Department of Communities and Local Government) maintains the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.

The Local Government Act 2003 states that a local authority may invest: -

- for any purpose relevant to its functions under any enactment.
- for the purpose of prudent management of its financial affairs.

The Guidance states:

a. where a Parish or Parish Council expects its investments at any time during a financial year to exceed £500,000, the Guidance should apply in relation to that year.
b. where a Parish or Parish Council expects its investments at any time during a financial year to exceed £10,000 but not £500,000, it should decide on the extent, if any, to which it would be reasonable to have regard to the Guidance in relation to that year.
c. where a Parish or Parish Council expects its investments at any time during a financial year not to exceed £10,000, no part of the Guidance need be treated as applying in relation to that year.

The Council expects its investments to be less than £500,000; but may exceed this amount and therefore has agreed to apply made in sterling and as aggregated in an interest-bearing bank account.

Investment Objectives

The Council defines its treasury management activities as "*the management of the Council's cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks*".

This strategy establishes formal objectives, policies and 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.

The Council's investment priorities are:

- the **security** of its reserves, and
- the adequate **liquidity** of its investments, and
- the **return** on investment (the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity).

The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies.

Investments will be spread over different providers to minimise risk. The current Financial Services Compensation Scheme (FSCS) limit is £85,000 per institution licence. It should be noted that some apparently different banks trade under the same licence.

Specified Investments

Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government or a local authority or Parish or parish council will automatically be Specified Investments.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Loggerheads Council will use: -

- Deposits with banks, building societies, local authorities, or other public authorities.
- Other approved public sector investment funds.
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The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

Those investments which have greater potential risk (e.g. investment in the money market, stocks and shares) are inherently unpredictable and uncertain, and as such the Council will not use this type of investment.

Investments will be regarded as commencing on the date the commitment to invest is entered into rather than the date on which the funds are paid over to the counterparty.

- Long term investments are defined in the Guidance as greater than 12 months.
- The Council does not currently hold any funds in long term investments.

Approved Organisation

The investments will be split between banks and institutions approved by the Parish Council from time to time.

The aim is to spread the risk amongst institutions to retain as much FSCS protection as possible. The intention is to retain up to three month's operating cash in the current account, drawing from the linked deposit account in the same bank. Investment movements will be carried out between approved organisations by the Responsible Financial Officer (RFO) in accordance with the investment objectives. Approved banks and funds are set out in Schedule A which may be amended from time to time on a recommendation from the RFO.

Investment Reports

The RFO will provide a report on investment activity (the Balance Sheet) for the Council quarterly.

Review and Amendments

The Treasury Management and Investment Strategy must be reviewed annually and revised if considered necessary.

The Council reserves the right to make variations to the Treasury Management and Investment Strategy at any time on receipt of a report from the RFO. Any variations will be made available to the public.

Freedom of Information

In accordance with the Freedom of Information Act 2000, the Council's Treasury Management and Investment Strategy will be published on the Parish Council's website and is also available as hard copy from the Parish Council Offices.

Appendix 1

Approved Banks (and Subsidiaries thereof): -

- Bank of Ireland UK
- Barclays
- Clydesdale Bank PLC
- The Co-operative Bank
- HSBC
- Lloyds Banking Group
- NatWest
- Royal Bank of Scotland (RBS)
- Santander UK
- TSB
- Unity Trust

Other Approved Funds

- CCLA Public Sector Deposit Fund
- Other Government Schemes and Bonds of short-term liquidity (not more than one year)