

Upper Rissington Parish Council

TREASURY MANAGEMENT STRATEGY – 2019/20

1. OVERVIEW

This document sets out the Treasury Management Policy and Strategy for Upper Rissington Parish Council (the Council) for 2019/20.

The CIPFA Treasury Management Code of Practice defines Treasury Management as: ‘The management of the Council’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.’

The Council is committed to effective Treasury Management to ensure that:

- It maintains the security of its cash balances whilst retaining sufficient liquidity to meet its revenue spending plans.
- Any Capital expenditure plans are affordable
- Any external borrowing and other long-term liabilities are within prudent and sustainable levels.

2. INVESTMENT STRATEGY

2.1 Background

The Council acknowledges the importance of prudently investing any cash balances that it holds during the course of its normal business on behalf of the community.

In accordance with Section 15(1) of the Local Government Act 2003¹, the Council will have regard to any guidance and regulations that the Secretary of State may issue².

2.2 Investments

The Council’s investment priorities are the security of its cash reserves and the liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with appropriate levels of risk management and the security and liquidity of its cash balances.

The Council is committed to the prudent management of its treasury balances which will mean maintaining sufficient levels of security and liquidity.

Specified Investments are those offering high security and high liquidity, made in sterling, with a maturity of no more than one year.

¹ <https://www.legislation.gov.uk/ukpga/2003/26/contents>

² https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf

During 2017/18 the Council will only make deposits in specified investments with UK High Street Banks and Building Societies and other UK Government Authorities.

The Council's deposits are currently held with HSBC UK plc:

- Current account, *371
- Reserves Account, *837
- Savings Account *461

Non-Specified Investments have greater potential risk – examples include investment in currencies, commodities and, stocks and shares. Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.

The MHCLG Guidance maintains that borrowing of monies purely to invest or to lend and made a return, is unlawful and this Council will not engage in any such activity.

2.3. **Liquidity**

The Council will aim to hold no more than six month's planned expenditure in the current account.

The Responsible Finance Officer (RFO) will determine the maximum periods for which short term funds may prudently be committed so as not to compromise liquidity or breach the Council's risk limit parameters.

The RFO is given delegated authority to transfer balances of up to £10,000 between existing accounts held by the Council without seeking the prior approval of the Council in order to ensure there is enough liquidity in the current account to meet monthly payments. The parish council will be informed of the details of these balance transfers at its next meeting.

2.4 **Long Term Investments**

Long-term investments are defined in MHCLG Guidance as greater than one year in duration.

Any decisions to make long term investments will be made by the full Council, which will agree the amount and length of investment.

The security of all such investments will be the paramount considerations before the yield arising from any such investment which may be made.

No long-term investments are planned in 2019/20.

2.5 **Risk Assessment**

Parish and Town Council deposits became eligible for protection under the Bank of England's Financial Services Compensation Scheme (FSCS) in July 2016. To be fully protected, an organisation should have no more than £85,000 on deposit with any one Prudential Regulation Authority (PRA) authorised company.

Therefore, the Council will limit the total of current deposits with each party to £85,000 to afford the fullest possible protection under the FSCS. The Council will open an appropriate savings account to hold its earmarked reserves.

Where the FSCS is not applicable, the Council will only invest in bodies with a high credit profile. Where credit ratings are used, the Council shall ascertain how frequently they are to be monitored and the procedures for taking action if credit ratings change.

When opening a new deposit or investment account, the Council will also agree the initial and maximum amounts to be invested in that account.

Any departure from this strategy will need the approval of the full Council.

2.6 Reporting on Investment Performance

Investment performance statements and the Council's investment portfolio will be reported each quarter to the Council.

Investment forecasts for the coming financial year will be accounted for when the annual budget is prepared and if revised during the financial year.

At the end of the financial year, the RFO will produce a summary report on investment activity.

3. EXTERNAL BORROWING

The Council acknowledges that there may be times when it needs to seek borrowing approval to support its capital expenditure priorities.

The Council will only agree borrowing for specific capital projects, as defined in Section 16 of the Local Government Act 2003.

Before a council can borrow a sum of money, it must obtain a borrowing approval from the Ministry of Housing, Communities and Local Government (MHCLG). The application is submitted via the Gloucestershire Association of Town and Parish Councils (GATPC) who will review the application, make sure that it is complete and then forward it to MHCLG for approval.

The process to be followed and the criteria applied in deciding whether or not borrowing approvals likely to be forthcoming, are detailed in the Guide to Parish and Town Council Borrowing in England, jointly published by the MHCLG and NALC.

All such borrowing applications must be approved by the full Council.

The Council does not currently have any external borrowing, and is not considering any external borrowing for the period 2019/20.

4. ADOPTION AND REVIEW

This Strategy was adopted by Upper Rissington Parish Council on 21 March 2019.

This document will be reviewed annually and ratified by the full Council in January each year, in conjunction with the consideration of the budget requirement.

Next review due January 2020.