

LEDBURY TOWN COUNCIL

TREASURY AND INVESTMENT POLICY

1. Policy Background

- 1.1 Ledbury Town Council's Treasury and Investment Policy and its associated strategy are conducted in accordance with:
- i. 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 for managing its investments and for giving priority to the security and liquidity of those investments.
 - ii. The statutory guidance on local government investments (issued subsequent to the Act) which requires the production of an Annual Investment Strategy and gives guidance on how this should be completed.
- 1.2 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.
- 1.3 The legislation and association guidance are 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

- 2.1 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.
- 2.2 Treasury – all cash deposits held in bank accounts which excludes bonds of up to 12-months in duration.

3. Policy Objectives

- 3.1 The overriding policy objectives are:
- i. To invest prudently to ensure the security of the principal sums.
 - ii. To maintain liquidity in the portfolio to meet the Council's spending plans.
 - iii. To mitigate risk.
 - iv. 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 will be made in stocks and shares.

5. Treasury Policy

- 5.1 The Council will hold all its funds as cash deposits in bank accounts or bonds or CCLA Public Sector Deposit Fund.
- 5.2 A business account will be maintained with sufficient funds for day-to-day transactions 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 with an institution with which the Council does not already hold an account. The RFO has delegated authority to deposit funds with any of the Council's existing bankers and report this back to the Council.
- 5.5 A procedure for making a deposit can be found in Appendix A.

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