

## **Review of the Treasury Management Policy and Annual Report on the Terms and Conditions of Borrowings**

### **Background**

In 2012 the Finance Committee agreed the Treasury Management Policy and Terms and Conditions of Borrowing. The purpose of this report is to conduct an annual review of this policy, outlined below

### **Investment Strategy**

The Parish Council is required by the Local Government Act 2003 to determine an annual Investment Strategy. The Strategy will be a public document as defined by the Freedom of Information Act 2000.

All of the Parish Council's investments will be Specified Investments and therefore:

- a) All investments will be made in sterling and any payments or repayments will also be made in sterling;
- b) All investments will be short term investments not to exceed 12 months;
- c) Westfield Parish Council will use accounts with UK banks/building societies and/or local authorities or other public authorities.

### **Accounts**

Westfield Parish Council maintains the following accounts/investments:

- Current account for everyday needs –with the Co-operative Bank
- Corporate Treasury savings account – with the Co-operative Bank
- Business 95-day Saver account – with Nationwide

In accordance with minute 131 of the Finance and Personnel Committee 23/04/12, approximately £10,000 is retained in the Current Account. An agreed amount of reserves is held in a high interest account with the remainder in the instant access Savings Account for transfer to the current account month on month to meet expenditure.

On 1/10/15 the Parish Council took advice from St James Wealth Management who raised the following issues for on-going consideration:

- (1) the Parish Council is only covered for £75,000 per bank should a bank close. (Increased to £85,000 in January 2017) Therefore it is worth being aware of banks which operate under the umbrella of a single bank eg. Tesco bank is not a bank in its own right but is part of another bank;
- (2) that the low risk banks are those which operate solely in the UK.

The high interest investment reserves were increased to £75,000 in October 2016 (minute 60 of the Finance and Personnel Committee 19/10/16) and

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further increased to £85,000 in December 2017 (minute 82 of the Finance and Personnel Committee 22/11/17).

### **Reserves**

In October 2013 Westfield Parish Council agreed to aim for four months net expenditure included in the annual precept to be held in general reserve. In December 2019, after consideration of risks that were no longer relevant this was reduced to “at least 3 months net expenditure”. This means that we regularly have appropriate surplus funds available and it is important that such funds are invested prudently with due regard to the Council’s fiduciary responsibility to the Council Tax payers and to the priority for security and liquidity of those investments.

For information, amounts held in reserves are detailed below.

	<b>General Reserves</b>	<b>Earmarked Reserves</b>
31 March 2012	£41,098	£29,065
31 March 2013	£81,288	£33,183
31 March 2014	£101,246	£45,132
31 March 2015	£52,854	£124,647
31 March 2016	£84,370	£165,498
31 March 2017	£84,461	£164,120
31 March 2018	£55,288	£225,681
31 March 2019	£55,287	£270,150
31 March 2020	£57,084	£329,004
31 March 2021	£63,332	£354,447
31 March 2022	£62,992	£401,095
31 March 2023	£51,741	£446,172

### **External Borrowing**

In order to borrow to fund capital expenditure, application must first be made to the County Association (ALCA). The NALC website provides support and guidance on the application process.

### **Current External Borrowing**

The Council has the following external loan:

**Westhill Recreation Ground** - £87,560, commencing September 2010 for a period of 15 years.

	<b>Years remaining</b>	<b>Loan outstanding</b>
31 March 2012	13.5	£82,577
31 March 2013	12.5	£77,456
31 March 2014	11.5	£72,192
31 March 2015	10.5	£66,781
31 March 2016	9.5	£61,219
31 March 2017	8.5	£55,502

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31 March 2018	7.5	£49,625.92
31 March 2019	6.5	£43,585.58
31 March 2020	5.5	£37,377
31 March 2021	4.5	£34,208
31 March 2022	3.5	£24,435
31 March 2023	2.5	£17,692

**Change of Investments**

The body authorised to make a change to the investments is the Finance and Personnel Committee.

<b>Review History</b>	<b>To be reviewed annually</b>
Considered by Finance and Personnel	18/3/15
Agreed by Parish Council	7/4/15
Considered by Finance and Personnel	23/3/16
Agreed by Parish Council	06/06/16
Considered by Finance and Personnel	22/03/17
Agreed by Parish Council	03/04/2017
Considered by Finance and Personnel	21/3/18
Agreed by Parish Council	3/4/18
Considered by Finance and Personnel	20/03/19
Agreed by Parish Council	01/04/2019
Considered by Finance and Personnel	19/03/2020
Agreed by Parish Council	04/05/2020
Considered by Finance and Personnel	18/03/2021
Agreed by Parish Council	4 <sup>th</sup> May 2021
Considered by Finance and Personnel	23/3/22
Agreed by Parish Council	3 <sup>rd</sup> May 2022
Reviewed by Parish Council	7 <sup>th</sup> May 2024
<b>Date of next review</b>	<b>May 2025</b>