



SHERBORNE TOWN COUNCIL

Investment / Treasury Management Policy

1.0 Introduction

- 1.1 Sherborne Town Council (STC) will, for the foreseeable future, owe money on behalf of its residents through the use of loans (Debt) and will routinely hold monies on behalf of its residents (Investments).
- 1.2 This document identifies how STC and its officers will manage debt and investments to minimise financial risk. This document also identifies how STC will manage its investments to achieve a financial benefit commensurate with that risk.
- 1.3 This policy has been prepared with a view of obtaining the highest possible return bearing in mind the requirement of low risk on investments.

2.0 Debt

- 2.1 The Council's current debt portfolio is detailed below.

Loan secured from	Public Works Loan Board (PWLb)
Length of loan	10 years
Start Date of loan	1 June 2015
Maturity date of loan	1 June 2025
% Rate payable	2.380%
Amount borrowed	£125,000
Annual re-payment	£14,120.30
Balance Outstanding	£7,060.28

- 2.2 The Council may, under certain circumstances take on new debt, but would only borrow long term from the Public Works Loans Board, part of HM Government's Debt Management Office.
- 2.3 Any decision to borrow will be taken by the Full Council of STC, who will consider the benefits of borrowing versus using the Council's investment cash. There are no current plans to borrow further funds.

3.0 Investments

- 3.1 Any cash held in STC's bank accounts, held as deposits in other financial bodies or in managed funds with third parties, advanced as a loan, or used to purchase bonds will be defined as an investment.
- 3.2 On 1 April each year, after adjusting for short term (under 1 year) debtors and creditors, the Council's investments will equal its Earmarked and General Reserves. During the year this figure is supplemented by funds resulting from cash flow on the Revenue Budget, with specific peaks in both April and September when the annual precept income is received ahead of routine payments.

- 3.3 There are several reasons for holding investments at any point, being as follows:
- 3.3.1 Sums held in Earmarked Reserves for spending on a planned project.
 - 3.3.2 An element of the General Reserve (unallocated reserve) held for emergency purposes, calculated annually as part of the budget process, which needs to be available at 3 months' notice.
 - 3.3.3 The remainder of the General Reserve, awaiting allocation to projects or transfer to the Earmarked Reserve – this might be invested for up to 5 years depending on how quickly the Council wishes to review its plans.
 - 3.3.4 Sums arising from routine cash flow in year – these need to be available when the cash flow profile requires, no longer than 6 months.
- 3.1 Security of the principal sum is the highest priority when making a decision to invest. The Council will take advice from an independent advisor to the local government sector. Since 2017 the Council have been engaged with Churches, Charities and Local Authorities (CCLA) Investment Management Limited.
- 3.6 The RFO and Town Clerk in consultation with the Finance Portfolio Holder will utilise the advice of independent advisors to create a position where STC has no more than 75% of the cash investments being held by one financial institution.
- 3.7 In consultation with the Finance Portfolio Holder and the RFO the Town Clerk is authorised to use the investments recommended by independent advisors and to detail all such instruments as part of the Finance and Resources monthly report to Full Council.
- 3.8 The requirement of the Council to have funds available to discharge its revenue responsibilities is also a priority when determining the period of an investment. Investments must take account of the Council's cash flow requirements.
- 3.9 Achieving a return on the investment must, however, be fully consistent with the need to preserve security of the principal sum.

4.0 Policy Review

- 4.1 This Investment / Treasury Management Policy is to be reviewed annually at the Annual Statutory Meeting held in May.