

## **SANDY TOWN COUNCIL**

# **Treasury Management and Investment Policy and Practices**

- 1 Sandy Town Council defines its treasury management activities as “the management of the Council’s cash flows, its banking, its investment transactions and the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks”.
- 2 The borrowing of monies purely to invest or lend and make a return is unlawful and this Council will not engage in such activity.
- 3 The Council will only enter into long term borrowing through the Public Works Loan Board when absolutely necessary for essential major works or capital purchases.
- 4 A general balance/reserve will be maintained to protect the Council from unforeseen events and to give time to respond to such events. The Council will work towards maintaining a general balance/reserve equivalent to 40% of the annual precept.
- 5 The Council will aim to reduce reliance on use of reserves when setting future years’ budgets and work towards increasing its general reserve to a recommended minimum level as indicated above at point 4.
- 6 Additional earmarked reserves may be accumulated for the purpose of specific projects.
- 7 The general policy for the Council is the prudent investment of its treasury balances. The Council’s investment priorities are:
  - i) The security of capital and
  - ii) The liquidity of its investments
- 8 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

- 9 The Council will maintain one or more business deposit bank accounts providing instant access to funds, with no minimum deposit or balance and no penalties for withdrawals. These accounts will be used for the deposit of at least 50% of the Council's general reserve. Earmarked reserves and the remainder of the general reserve may be invested separately in accordance with 10 below.
  
- 10 The Council will invest in bank deposits but may also consider investment in gilts. Reserves will be invested through the Council's bankers in short term deposit accounts or short term cash based investment bonds. The period of time for which funds may prudently be committed will be determined by the Town Council with advice from the Responsible Financial Officer both of whom shall properly assess the risk of committing funds to longer term investments.