

Treasury & Investment Policy

Adopted 21 May 2018 Minute Ref: 34/18

1. Policy Background

- 1.1 Elvetham Heath Parish 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 after 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 parish 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 associated guidance is optional for parish councils where investments are not expected to exceed £500,000 and no action is required below £10,000. However, for Elvetham Heath Parish Council where the sums involved exceed £500,000, the guidance is mandatory.

Elvetham Heath Parish Council was created by Hart District Council on 1 April 2010. It took over one part of the previously unparished Fleet area.

The parish covers the Elvetham Heath Development, the golf course and the area of land between the A323 and Pale Lane. It contains nearly 2,000 dwellings most of which are within the development.

The developers built community assets and provided several recreational open spaces. Under the S106 agreement sums of money were provided to cover the maintenance of these assets for up to 20 years. At 1 April 2010, Hart District Council passed over the balance of these sums to the new parish council totalling £781,242. These sums can be identified by area or asset and the money held must be used for maintenance of those assets.

Since autumn 2010 the total sum has been held in a high interest 30-day money market account with HSBC Bank.

In 2015 an additional £7,800 was paid to EHPC from David Wilson Homes to cover 20 years of maintenance for a small parcel of land in Harrow Road which was transferred to the parish. Also in 2015, EHPC was granted a licence to cultivate the highway verges and roundabouts. HDC was holding the balance of £161,163 in S106 funds for this grounds maintenance. This total is due to be transferred to EHPC once all legal paperwork has been completed. In March 2016, HDC made an interim payment of £45,000.

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. These sums are not included in the Council’s reserves.
- 2.2 Treasury – all cash deposits held in bank or building society accounts including bonds of up to 12 months in duration and deposits with the Public Sector Deposit Fund (managed by CCLA).
- 2.3 Specified Investments – sterling investments of less than 1 year in maturity with bodies or schemes with a high credit rating at the time of investment.
- 2.4 Non-Specified Investments – investments not meeting the definition criteria of specified investments.

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

Elvetham Heath Parish Council will not hold funds other than in bank accounts, with CCLA or in bonds of 12 months or less in duration.

5. Treasury Policy

- 5.1 Elvetham Heath Parish Council will hold **all** its funds as cash deposits in banks accounts, bonds or in the Public Sector Deposit Fund.
- 5.2 A business account will be maintained with sufficient funds for day to day transactions and to receive the precept and business income.
- 5.3 With effect from 2016/17, the maximum of the council’s total cash deposits which may be held with one institution must not exceed 60%. Prior to this all funds have been held with HSBC Bank.

Any exception to this limit must be approved by full council.

- 5.4 Elvetham Heath Parish Council will only deposit funds with institutions with a minimum A grade credit rating, as assessed by at least 2 independent ratings agencies such as Moodys or S&P.
- 5.5 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.
- 5.6 S106 funds are to be held separately from general funds in accordance with 5.1- 5.5 above. These will be held in the HSBC deposit account (Money Markets Account) or the Public Sector Deposit Fund.
- 5.7 A procedure for making a deposit can be found in Appendix A

6. S106 Funds

- 6.1 S106 funds should be deposited in accounts separate from those used for the council's day to day business. These accounts will be maintained in separate cash books.
- 6.2 All S106 funds have been provided for the maintenance of and management of the public open spaces and the community centre on Elvetham Heath estate. AS such, these funds are not capital in nature and so are not eligible for investment. They must be treated as cash to be held in deposit accounts and bonds of 12 months of less maturity.
- 6.3 Treatment of S106 funds:
 - S106 funds held in easy access accounts
 - Funds transferred quarterly to cover maintenance costs (prior to 2017, funds transferred at the end of the financial year).
 - Transfer to be reported in the quarterly financial review
 - Records will be maintained by the RFO for each category of S106 expenditure.

Appendix A

Procedure for Deposits

1. RFO to identify an appropriate deposit account or short-term bond with a financial institution that fits with the council's treasury policy. Any bonds should be capital sum guaranteed.
2. Approval of full council is sought if the deposit is with a financial institution not currently used by the council.
3. The RFO actions the opening of the account and the setting up of the bank mandate for council members to sign in accordance with the financial regulations
4. The RFO actions the deposit/transfer of funds
5. The transfer/deposit is reported to the council
6. At the end of the fixed term the RFO has delegated authority to move the funds into another bond with the same financial institution or with another of the council's bankers.

Procedure for Bank Transfers

1. Delegated authority is given to the RFO to make transfers between the accounts of the same bank without prior approval of the council.
2. Transfers between banks will follow normal payment procedure as detailed in the financial regulations
3. Details of all transfers to be provided to the council with the monthly finance report.