

# Annual Treasury Management Strategy 2024/25

Version	1.1
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# **Woodley Town Council**

## **Annual Treasury Management Strategy 2024/25**

### **1. Background**

Under section 15(1)(a) of the Local Government Act 2003 the Council is required to “have regard” to the Statutory Guidance on Local Government Investments which was issued in February 2018 for accounting periods starting on or after 1 April 2018. This Strategy also complies with the revised requirements set out in the Department of Communities and Local Government Investments and guidance within Governance and Accountability for Local Councils Practitioner’s Guide 2022.

In addition there are two codes of practice issued by the Chartered Institute of Public Finance and Accountability (CIPFA) to which the Council should have regard and which contain investment guidance that complements the statutory guidance.

These are;

- Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, 2017 Edition
- The Prudential Code for Capital Finance in Local Authorities, 2017 Edition

Woodley Town Council (the Council) acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty. The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the Council holds primarily or partially to generate a profit.

Woodley Town Council defines its treasury management activities as “the management of the Council’s cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks.”

The guidance from DLUHC applies to Woodley Town Council because its investments at any time in the year (temporary and long term) are likely to exceed £100,000.

The guidance recommends that for each financial year a council should prepare at least one investment strategy that is prepared and approved by Council before the start of the year. The strategy may be revised during the year, depending on circumstances.

The investment strategy should set out the council’s policies for the prudent management of its investments and for giving priority, firstly, to the security of those investments and, secondly, to their liquidity.

The strategy should identify the procedures for monitoring, assessing and mitigating the risk of loss of investment sums and for ensuring that those sums are readily accessible for expenditure whenever needed.

## 2. Strategy

- 2.1 This strategy establishes formal objectives, policies and practices and reporting arrangements for the effective management and control of the Council's treasury management activities and the associated risks and should be read in conjunction with the Council's Standard Financial Regulations.

## 3. Investment Objectives

- 3.1 The Council's investment priorities are: - the security of its reserves, the adequate liquidity of its investments, the return on investment – the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- 3.2 All investments will be made in sterling.
- 3.3 The Department of Communities and Local Government maintains the borrowing of money purely to invest or to lend and make a return is unlawful and the Council will not engage in such activity.
- 3.4 The Council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies.

## 4. Specified Investments

- 4.1 Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short term investments made with the UK Government or a local authority or town or parish council will automatically be Specified Investments.
- 4.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Woodley Town Council will use:
- a) Deposits with banks, building societies, (currently **Lloyds Bank** for day to day banking)
  - b) Other approved public sector investment funds (currently **CCLA Public Sector Deposit Fund**)
- 4.3 The choice of institution and length of deposit will be at the approval of the Strategy & Resources Committee.
- 4.4 The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

## 5. Non-specified investments

- 5.1 These investments have greater potential risk – examples include investment in the money market, stocks and shares. The Council currently has no funds in non-specified investments. Given the potential unpredictability surrounding such investments the Council will seek professional advice before considering such investments and give due consideration to the proper levels of risk, security and liquidity.

## 6. Liquidity of Investments

- 6.1 The Strategy & Resources Committee in consultation with the Town Clerk and Responsible Finance Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 6.2 Investments will be regarded as commencing on the date the commitment to invest is entered into rather than the date on which the funds are paid over to the counterparty.

## 7. Long Term Investments

- 7.1 Long term investments are defined in the Guidance as greater than 12 months.
- 7.2 The Council currently has no long-term investments and non are envisaged as being taken out in 2024/25.
- 7.3 Funds invested in the CCLA PSDF are considered short term (specified) investments as they offer instant access to funds.

## 8. Investment Reporting

- 8.1 Regular monitoring of the Council's investments are reported to each meeting of the Strategy & Resources Committee. They also form part of note seven of the Council's Financial Statements.

## 9. Review and Amendments

- 9.1 Each financial year Woodley Town Council will review this strategy which should be approved by Full Council before the start of the financial year. Any material change during the year would also require approval at Full Council. This is in accordance with the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (regulation 4(1)(b) and Schedule 4) (SI 2000/2853, as amended by SI 2004/1158).
- 9.2 The Council reserves the right to make variations to the Investment Strategy at any time subject to the approval of Full Council. Any variations will be made available to the public.
- 9.3 This Strategy will be published on the Town Council's website [www.woodley.gov.uk](http://www.woodley.gov.uk)

## Woodley Town Council Investment Strategy 2024/25

For 2024/25 the Council will invest its surplus funds in low risk products (i.e. Lloyds bank accounts and CCLA PSDF) in order to achieve its investment objectives.

Investments shall be split between;

### Lloyds Bank

Account	Purpose
Deposit Account	Precept income. Account used to fund Imprest account as required and authorised by Councillor signatories.
Current Account	Day to day operational income and expenditure Current account funds sweep automatically into deposit account on a daily basis to keep a current account balance of around £5,000.
Clerks Imprest Account	Payment of salaries, deposit refunds, grants, debit card purchases Maximum single transfer cap - £65,000

### CCLA

#### Public Sector Deposit Fund

The CCLA is rated as an AAmmf (money market fund) financial institution by Fitch Ratings, London, and is covered by the Financial Conduct Authority and Bank of England Prudential Regulation Authority. The Local Authorities Mutual Investment Trust (LAMIT) is a body controlled by members, appointed by the Local Government Association, which oversees the funds. There are two Local Authority funds managed by CCLA; the PSDF and the Property Fund.

The PSDF has strong governance, with an Advisory Board made up of representatives of the Local Government Association, CIPFA and treasury specialists from the sector. The fund is managed on a very conservative basis, beyond the requirements of the AAmmf rating, and only uses plain cash products and instruments with well rated (minimum F1 short term) banks. There is no exposure to the stock market, derivatives or asset backed securities. The fund is a low risk option for investments, the funds are invested across a portfolio of approximately 30 organisations which are monitored daily. Most importantly, the PSDF's top priority is the security of the funds invested because the PSDF is not covered by the Financial Services Compensation Scheme. If one or more of the funds invested in the PSDF fails the risk monitoring profile of that organisation (or organisations) it would be removed from the portfolio.

Access to funds is available on business days with a cut off time of 11.30am for instructions for withdrawal.

At the Full Council meeting on 10 May 2022 it was agreed that the Town Council would invest funds released from the liquidation of the investment portfolio previously managed by Rathbones, into an account with the PSDF, pending repayment of the PWLB loans in respect of the construction of the Oakwood Centre. In addition, going forwards, the Council would invest other surplus sums in another PSDF account, for example the general reserve and precept receipts.

## APPENDIX A

### Statement of Reserves

CCLA funds as at 30 Nov 2023.

#### THE PUBLIC SECTOR DEPOSIT FUND

2023-2024

INTEREST CARRIED FORWARD	£62,143.35
INTEREST CURRENT YEAR	£102,328.99
<b>TOTAL INVEST INCOME</b>	<b>£164,472.34</b> Re-invested

#### APPENDIX A

Woodley TC - PWLB Date	A/C 0144630002PC A/C PS3078896	Dividend	CB6 Investment	1096/702 Balance
Balanace Brought Forward				2,039,180.57
Sunday, 30 April 2023	1 Apr to 30 Apr 23	£6,538.80		2,045,719.37
Wednesday, 31 May 2023	1 May to 31 May 23	£8,070.65		2,053,790.02
Friday, 30 June 2023	1 June to 30 June 23	£7,707.25		2,061,497.27
Monday, 31 July 2023	1 July to 31 July 23	£8,536.07		2,070,033.34
Thursday, 31 August 2023	1 Aug to 31 Aug 23	£8,966.82		2,079,000.16
Saturday, 30 September 2023	1 Sept to 30 Sept 23	£8,510.43		2,087,510.59
Tuesday, 31 October 2023	1 Oct to 31 Oct 23	£9,547.33		2,097,057.92
Thursday, 30 November 2023	1 Nov to 30 Nov 23	£8,468.66		2,105,526.58
Sunday, 31 December 2023	1 Dec to 31 Dec 23			2,105,526.58
Wednesday, 31 January 2024	1 Jan to 31 Jan 24			2,105,526.58
Thursday, 29 February 2024	1 Feb to 29 Feb 24			2,105,526.58
Sunday, 31 March 2024	1 Mar to 31 Mar 24			2,105,526.58
<b>Total</b>		<b>66,346.01</b>	<b>0.00</b>	<b>66,346.01</b>
<b>Total re-investment to date</b>		<b>£105,526.58</b>		
<b>Orginal Investment</b>		<b>£2,000,000.00</b>		
<b>Percentage increase on orginal investment</b>		<b>5.2763%</b>		
<b>Payment of Loan</b>	<b>Monday, 31 March 2025</b>	<b>275,000</b>		
<b>Payment of Loan</b>	<b>Monday, 31 March 2025</b>	<b>500,000</b>	<b>2,000,000</b>	
<b>Payment of Loan</b>	<b>Tuesday, 31 March 2026</b>	<b>1,225,000</b>		

Woodley TC - INVEST Date	A/C 0144630001PC A/C PS3078895	Dividend	CB7 Investment	1097/702 Balance
Balanace Brought Forward				1,105,962.78
Sunday, 30 April 2023	1 Apr to 30 Apr 23	£3,546.34		1,109,509.12
Wednesday, 31 May 2023	1 May to 31 May 23	£4,377.19		1,113,886.31
Friday, 30 June 2023	1 June to 30 June 23	£4,180.03		1,118,066.34
Monday, 31 July 2023	1 July to 31 July 23	£4,629.57		1,122,695.91
Thursday, 31 August 2023	1 Aug to 31 Aug 23	£4,863.24		1,127,559.15
Saturday, 30 September 2023	1 Sept to 30 Sept 23	£4,615.67		1,132,174.82
Tuesday, 31 October 2023	1 Oct to 31 Oct 23	£5,177.91		1,137,352.73
Thursday, 30 November 2023	1 Nov to 30 Nov 23	£4,593.03		1,141,945.76
Sunday, 31 December 2023	1 Dec to 31 Dec 23			1,141,945.76
Wednesday, 31 January 2024	1 Jan to 31 Jan 24			1,141,945.76
Thursday, 29 February 2024	1 Feb to 29 Feb 24			1,141,945.76
Sunday, 31 March 2024	1 Mar to 31 Mar 24			1,141,945.76
<b>Total</b>		<b>35,982.98</b>	<b>0.00</b>	<b>35,982.98</b>
<b>Total re-investment to date</b>		<b>£58,945.76</b>		
<b>Orginal Investment</b>		<b>£1,083,000.00</b>		
<b>Percentage increase on orginal investment</b>		<b>5.44%</b>		