



Westbury Town Council

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Westbury Town Council

Treasury Management Policy (updated August 2018)

Introduction

The Town Council currently (i.e. as at 31st March 2018) has some £602,500 of Reserve Funds (excluding current year unspent balance) In summary the Reserves break down as follows:

General Reserve	150,000
Rolling Capital	100,000
Devolved Services Reserve	124,000
Other Earmarked Funds	228,500

In total these balances currently attract interest at a rate of the order of £600 per annum, reflecting the current very poor rate of return on such significant sums. This amount is not likely to increase significantly in the coming year as the Council's currently previously preferred Investment Vehicle, consisting of a judicious mix of Fixed Term Treasury Deposits (3, 6 and 12 month terms) is now of limited availability from the Council's Bankers (Lloyds Bank PLC) nor are meaningful rates achievable from other Commercial Banks.

Suggested Strategy

Whilst the current Strategy is undoubtedly to be preferred, it is recommended that an alternative Investment Vehicle should be adopted unless and until Fixed Term Treasury Deposits are again available, and at meaningful rates of return. The Town Council has received a presentation from CCLA of their Public Sector Deposit Fund. The rate currently achievable (quarterly average to 30th June 2018) is 0.52% on Total Balances (this is net of Management Charges). The Investment qualifies as a Revenue Investment for Annual Return purposes and deposits/withdrawals do not fall for classification as Expenditure/Income in the Annual Return. Equally, the end of year balance is included with Bank and Cash balances (as a Short Term Investment) in the Annual Return. The rates would appear to be competitive in today's low-interest environment. Based on an average sum invested of (say) £600,000 (including unused Precepts received), the council should expect to earn in excess of £3,000 p.a. compared with last year's £600.

At the time of maturity (31st December 2018), rates available on Lloyds Bank 12 month fixed deposit will need to be compared with that then being paid on CCLA's PSDF in order to decide the most cost effective vehicle for the £150,000 General Fund balance (currently with Lloyds).

Approval and Mechanism

Although the transactions do not represent expenditure/payment by council for accounting purposes, instructions to Lloyds Bank to make investments will still require signature by two councillors, unless (or until) the current Bank Mandate is amended to allow transfers to (specifically) CCLA to be made on the e-mail instruction of the Town Clerk.

2nd August 2018

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Note

The above is pursuant to the resolution of Finance Committee held on 22nd March 2018

Disclaimer

DCK Accounting Solutions Ltd is not authorised to provide investment advice under the Financial Conduct Authority, and nothing in the revised Strategy should be so construed.