



## **TREASURY AND INVESTMENT STRATEGY AND POLICY**

### **1. BORROWINGS**

- 1.1 All borrowings shall be affected in the name of the council, after obtaining any necessary borrowing approval. Any application for borrowing approval shall be approved by the Full Council.
- 1.2 In each case a report in writing shall be provided to council in respect of value for money for the proposed transaction(s), an assessment of the rate of interest applicable, and a calculation of the whole life cost of the transactions and its intended duration. .

### **2. INVESTMENTS**

- 2.1 Definition of Investments - All investments of more than 12 months in duration. The Town Council will not hold funds other than in bank accounts, Building Society accounts or bonds of 12 months or less in duration.
- 2.2 All loans and investments shall be negotiated in the name of the Council and all investments of money under the control of the Council shall be in the name of the Council.
- 2.3 All investment certificates and other documents relating thereto shall be retained in the custody of the Responsible Financial Officer (RFO).
- 2.4 Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with the council's Financial Regulations.
- 2.5 It will be uncommon for the town council to hold investments other than in the form of easily accessible bank deposits or other short-term savings accounts.
- 2.6 Easily accessible accounts are classed as accounts which do not require more than 90 days' notice to access the funds. These are only used to maximise income from cash balances during the financial year.
- 2.7 Background information regarding the sources of Kettering Town Council funds for investments can be found at Appendix A.
- 2.8 No investments will be made in stocks and shares.

- 2.9 The total proceeds of disposal of an investment should always be recorded as income in the financial year of the disposal.
- 2.10 Where the proceeds of disposal of investments or other assets purchased as capital expenditure exceed £10,000 and are capital receipts, the Town Council must have regard to and apply the statutory restrictions placed on such receipts.
- 2.11 Statements from investment accounts will be reported to the Council at the next available meeting

### **3. LOANS**

- 3.1. Definition of a loan – a sum of money lent to a third party in order to achieve a time limited project which directly benefits the people of Kettering.
- 3.2. Only the full Council may approve the making of a loan, and shall only do so on the basis that it has received and considered a written report setting out the risks and rewards of making such a loan.
- 3.3. No loan shall be agreed which exceeds a sum equivalent to 10% of the Council's annual revenue expenditure in the year it is agreed, or more than 25% of the reserves it holds at the time, subject to those available reserves not falling below 25% of the Council's annual revenue requirement as a consequence of the loan being made.
- 3.4. Any loan should be repayable within a period of five years, with an interest rate which mirrors the Bank of England rate of interest at the time of its making.
- 3.5. No loan shall be agreed which does not satisfy the objectives within the Council's corporate plan.
- 3.6. The Council will make no loan unless it has unrestricted access to the accounts of the organisation receiving a loan.

### **4. TREASURY**

- 4.1 Definition of Treasury – all cash deposits held in bank accounts which includes bonds of up to 12 months in duration.
- 4.2 Kettering Town Council will hold all its funds as cash deposits in banks accounts or bonds.
- 4.3 A business account will be maintained with sufficient funds for day-to-day transactions and to receive the precept and business income. This designated business account is held with Unity Trust Bank.
- 4.4 The Council will also maintain a separate account into and from which receipts and disbursements arising from the operation of the Town Lottery will be paid. This designated account is also held with Unity Trust Bank.
- 4.5 The Council will maintain two further accounts, which shall be interest bearing accounts but which allow withdrawal of monies without notice,

- a) In respect of general reserves and for the holding of monies earmarked for particular purposes and
  - b) In respect of an election reserve,  
into which it will make regular payments, as approved either by full Council or, so long as this is within the amounts specified within the annual budget, by the Finance and Governance Committee.
- 4.6. Disbursements from the general reserve will be made with the approval of full Council only.
  - 4.7 Disbursements from the election reserve will be made, in accordance with financial regulations governing the payment of invoices, in order to meet the costs of elections or by-elections to the Town Council only.
  - 4.8. Both the reserve accounts will be held with Unity Trust Bank..
  - 4.9. Transfers between accounts will be managed by the RFO in accordance with financial regulations and specific instructions from Finance and Governance Committee or Council. The procedures for making transfers is contained in Appendix C
  - 4.10 Cash balances for all the Unity Trust Bank accounts will be reported to the Finance and Governance Committee each month, or each meeting if less frequent, to enable balances to be monitored.
  - 4.11. The Council will maintain a separate account into and from which receipts and payments will be made, to manage the funds raised by the Mayor for charitable purposes and this account will be held with Lloyds bank. The RFO will manage this account in accordance with financial regulations and the wishes of the Mayor as to disbursements.
  - 4.12. The Town Council will consider depositing funds with institutions with a minimum AAA grade credit rating before considering any other institutions, as assessed by at least 2 independent ratings agencies such as Moodys or S&P. If the credit rating of the bank reduces from a grade A the council will consider within a six-month period whether to continue holding funds with this bank
  - 4.13. Full Council approval is required if a deposit is with an institution with which the council does not already hold an account. The Responsible Finance Officer has delegated authority to deposit funds with any of the council's existing bank accounts and report this back to the council. A procedure for making a deposit can be found in Appendix B.

## **APPENDIX A SOURCES OF TOWN COUNCIL INCOME**

- a. Precept – as demanded from Council Tax payers, and agreed by the Council each year.
- b. Market income – arising from the hire of pitches and stalls for general an events markets, and concessions to trade at events organised by the Town Council
- c. Allotment income – arising from the leases agreed with third party allotment associations for occupation of the council's allotment land.
- d. Interest from investments held with financial institutions
- e. Receipts from supporters of the Town Lottery
- f. Receipts from those making charitable donations to the Mayor for the benefit of the charities chosen by the Mayor during his or her term of office, including entry charges for events held for this purpose.
- g. Income from charges made to third parties for the provision of administrative support to that body by the Council, as agreed by full Council from time to time.
- h. Occasional income from any of the following sources:-
  - a. Sale of assets and property, as agreed by Council
  - b. Licences to occupy or access Council land by third parties

## **APPENDIX B PROCEDURE FOR DEPOSITS**

- a. 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.
- b. Approval of the Full Council is sought if the deposit is with a financial institution not currently used by the council.
- c. 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.
- d. The RFO actions the deposit/transfer of funds.
- e. The transfer/deposit is reported to the council.
- f. 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.

**APPENDIX C PROCEDURE FOR BANK TRANSFERS**

- a. Delegated authority is given to the RFO to make transfers between the accounts of the same bank without prior approval of the council, up to the value detailed in the council's Financial Regulations.
- b. Transfers between banks will follow normal payment procedure as detailed in the Financial Regulations.
- c. Details of all transfers to be provided to the Finance and Governance Committee with the monthly finance report.
- d. Payments in respect of short term or long-term investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with the council's Financial Regulations.