



Treasury and Investment Policy

Adopted 1st July 2025 Minute 73.25b

2. Policy Background

- 2.1 Tisbury Parish Council's Treasury and Investment Policy is conducted in accordance with:
- i. The Local Government Act 2003 ('the Act') and supporting regulations. This requires a 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 subsequent to the Act) which requires the production of an Annual Investment Strategy and gives guidance on how this should be completed.
- 2.2 Town and parish councils usually hold easily accessible bank deposits or other short-term savings accounts. These are often used to maximise income from cash balances (or reserves) across the financial year.
- 2.3 The legislation and its associated guidance are optional for town and parish councils where investments are not expected to exceed £100,000 and no action is required below £10,000. However, for councils where the sums involved exceed £100,000, the guidance is mandatory.

3. Definitions

- 3.1 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.
- 3.2 Treasury – all cash deposits held in accounts which includes bonds of up to 12 months in duration.
- 3.3 Finance Institution Group – all banks owned by the same parent company and covered by the Financial Services Compensation Scheme limit which applies at group level.

4. Policy Objectives

- 4.1 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, including default by the financial organisation.
 - iv. To seek the optimum returns available whilst remaining consistent with the proper levels of security and liquidity.

5. Investment Policy

- 5.1 The Council will not hold funds other than in bank accounts or deposit bonds of 12 months or less in duration.
- 5.2 No investments will be made in stocks and shares

6. Treasury Policy

- 6.1 The Council will hold **all** its funds as cash deposits in bank accounts or bonds or with CCLA Public Sector Deposit Fund
- 6.2 A business account will be maintained with sufficient funds for day-to-day transactions and to receive the precept and business income.
- 6.3 The maximum of the Council's cash deposits which may be held with one financial institution group must not exceed 60%. Any exception to this limit must be approved by Full Council.
- 6.4 Full Council approval is required if a deposit is with a financial institution with which the Council does not already hold an account. The Clerk/RFO has delegated authority, following prior consultation with the Chair, Vice-Chair and Finance Councillor, to deposit funds with any of the Council's existing financial institutions and to report this back to the Council.
- 6.5 The procedure for making a deposit can be found in Appendix A

Appendix A

Procedure for Treasury Deposits

1. Responsible Finance Officer ('RFO') to identify an appropriate deposit account or short-term bond with a financial institution which 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 financial institutions following prior consultation with the Chair, Vice-Chair and Finance Councillor.

Procedure for Bank Transfers

1. Delegated authority is given to the RFO to make transfers between the accounts of the same financial institution without prior approval of the Council.
2. Transfers between financial institutions 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 reports.

Next Review Date: 1st March 2026