



GROVE PARISH COUNCIL

TREASURY MANAGEMENT AND INVESTMENT POLICY

Approved by Full Council on 5 May 2026

Treasury management and investment policy

1. Policy background

- 1.1 Grove Parish Council's treasury management and investment policy and its associated strategy are conducted in accordance with:
- i) The Local Government Act 2003 (the Act) and supporting regulations. This Act 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 subsequent to 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 town and parish councils to hold investments other than in the form of easily accessible bank deposits or other short-term savings accounts. These are used to maximise income from the working-cash balances during the financial year. However, Grove Parish Council is also in receipt of developer contributions (aka section 106 (s.106) monies) to cover expected expenditure liabilities normally over a twenty-year period. Accordingly, the Council has decided that longer term investments are appropriate for these funds pending the eventually expenditure.
- 1.3 The legislation and associated guidance is optional for those parish councils where investments are not expected to exceed £100,000 and no action is required below £10,000. However, for parish councils where the sums involved exceed £100,000, the guidance is mandatory.

2. Definitions

- 2.1 Investments – all deposits/investments of more than 12 months in duration. The nature of the original receipt and its purpose will determine if the future expenditure is capital or revenue.
- 2.2 Treasury management – all short-term cash deposits held in bank accounts which includes fixed-term deposits of up to 12 months in duration.
- 2.3 Transactional banking - the day-to-day management of the Council's cash balances through its current business account with the Co-operative Bank.

3. Policy objectives

- 3.1 The overriding policy objectives are to:
- i) invest prudently to ensure the security of the principal sums,
 - ii) maintain liquidity in the portfolio to meet the Council's spending plans,
 - iii) mitigate risk, and
 - iv) seek the optimum returns available whilst remaining consistent with the proper levels of security and liquidity.

4. **Investment policy**

4.1 The Council will take advice as to the best form of investment that meets the objectives set out in Section 3 above for a minimum of five years, however the decision to invest and how to invest resides with the Council at all times.

5. **Treasury policy**

5.1 The Council will hold surplus funds other than those identified for long term investment as cash deposits in bank accounts or with CCLA Public Sector Deposit Fund

5.2 A transactional business account will be maintained with sufficient funds for day-to-day transactions and to receive the parish precept and business income.

5.3 The maximum of the Council's cash deposits which may be held with one institution must not exceed 60%. Any exception to this limit must be approved by Full Council

5.4 Full Council approval is required if a deposit is with an institution with which the council does not already hold an account. The Responsible Financial Officer (RFO) has delegated authority to deposit funds with any of the Council's existing bankers and report this back to the council.

5.5 A procedure for making a deposit can be found in Appendix 1

Procedure for deposits

1. RFO to identify an appropriate deposit account or fixed-term deposit with a financial institution that complies with the Council's treasury policy. Any fixed-term deposit should have both the principal sum and interest guaranteed with a specified return date.
2. Deposits can also be made with the UK Government's Debt Management Office.
3. Approval of Full Council is sought if the deposit is with a financial institution not currently used by the council.
4. 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.
5. The RFO actions the deposit/transfer of funds.
6. The transfer/deposit is reported to the council.
7. 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 Full 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 Full Council with the monthly finance report.