EARLEY TOWN COUNCIL

Treasury Management Strategy

Introduction

This policy is created under guidance issued by the Secretary of State for Communities & Local Government in accordance with the Local Government Act 2003 and as amended by the Levelling-up and Regeneration Act 2023. This plan also complies with guidance within the Practitioners' Guide 2026/27 – Governance and Accountability for Smaller Authorities in England.

A treasury management plan, or strategy, is a framework that outlines how an organization manages its liquidity, cash flows, and financial risks. It ensures the Council always has the necessary funds to meet financial obligations while optimizing surplus cash and mitigating market risks.

Strategy

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 Financial Regulations.

The guidance requires local councils to prioritise security, liquidity and yield in that order of importance:

- Security – protecting the capital sum invested from loss
- Liquidity – ensuring the funds invested are available for expenditure when needed
- Yield – potential revenues

In addition to its treasury management and investment activities, the Council will maintain an appropriate level of funds in general reserve, along with appropriate ear marked reserves for specific projects and investment in facilities and services.

Investment Objectives

The Council's investment priorities are – the security of its reserves, the adequate liquidity of its investments, the return on its investment – the Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

The Department of Communities and Local Government maintains that 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.

The Council's investments may include funds allocated to specific ear marked reserves or general reserves but not yet required.

The Council will monitor the risk of loss on investments by reviewing credit ratings on a regular basis. The Council will only invest in institutions of high credit quality – based on information from credit rating agencies such as Fitch Ratings, Standard and Poor's and Moody's Investors Service.

Specified Investments

Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Earley Town Council will use:

- Deposits with banks and building societies (currently Barclays for day to day banking)
- Other approved public sector investment funds (currently CCLA Public Sector Deposit Fund)

The choice of institution and length of deposit will be at the approval of the Policy & Resources Committee.

The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

Non-Specified Investments

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 unpredictability surrounding such investments the Council would seek professional advice before considering such investments and give due consideration to the proper levels of risk, security and liquidity.

Liquidity

The Policy & Resources Committee in consultation with the Town Clerk/Responsible Financial Officer will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

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.

Long Term Investments

Long term investments are defined as greater than 12 months.

The Council does not currently have any long term investments.

Short Term Investments

The Council currently has short term investments with the following:

- Barclays – current account
- Barclays – deposit account
- NS & I
- CCLA Public Sector Deposit Fund www.ccla.co.uk

Investment Reporting

Regular monitoring of investments is reported to the Policy & Resources Committee by the Responsible Financial Officer. Information will also be included in the Council's end of year Unaudited Financial Statements.

Review & Amendments

Each financial year Earley Town Council will review this strategy which should be approved by Full Council. Any material change during the year would also require approval at Full Council.

The Council reserves the right to make variations to the Treasury Management Strategy at any time subject to the approval of Full Council. Any variations will be made available to the public. The Strategy will be published on the Town Council's website www.earley-tc.gov.uk

Adopted at Full Council
8th July 2026