

DORCHESTER TOWN COUNCIL

TREASURY STRATEGY 2024/25

1 Overview

1.1 CIPFA defines Treasury Management as: *‘management of the Council’s cash flows, banking, money market and capital market transactions; the effective control of risks associated with those activities’*.

1.2 A council has the power to:

- Invest surplus funds for: *‘any purpose relevant to its functions or for the purpose of prudent financial management’*¹.
- Participate in schemes of collective investment². It is the council’s role to *‘review and adopt the TS each May’* (DTC, 2023, p9).

1.3 The Department for Levelling Up, Housing and Communities (DLUHC) states a Treasury Strategy should:

- *‘Comment on the corporate governance arrangements that have been put in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the local authority’s corporate values’* (DLUHC, 2018, s50).
- *‘State the local authority’s approach to assessing risk of loss before entering into and whilst holding an investment’* (DLUHC, 2018, s.41).
- *‘Be publicly available on a local authority’s website’* (DLUHC, 2018, s18).

2 Introduction

2.1 Dorchester Town Council will, for the foreseeable future, owe money on behalf of its taxpayers (debt) and will routinely hold monies on behalf of its taxpayers (investments). This strategy identifies how the council, and its officers will manage debt and investments to minimise financial risk and manage its investments to achieve a financial benefit commensurate with that risk.

3 Debt

3.1 The Council currently has one loan, with the Public Works Loan Board (PWLB), that will be repaid by 2027:

2024/25	PWLB	Maturity	Interest	01-Apr-24	30-Sep-24	31-Mar-25
	Ref		%	£	£	£
2	487126	09/2027	4.625	56,000	49,000	42,000

3.2 The Council may, under certain circumstances, take on new debt, but would only borrow from the PWLB, part of the DLUHC. Any decision to borrow would be taken by the Policy Committee, that would consider the benefits of borrowing against the use of the Council’s investment cash. The Medium-Term Financial Strategy currently shows no plans to borrow.

¹ Local Government Act 2003, s.12

² Trustee Investments Act 1961, s.11.

4 Investments

4.1 The Council's investments are defined as any cash held in its bank accounts, held as deposits in other bodies or in managed funds with third parties, advanced as a loan, or used to purchase bonds.

4.2 On 1 April each year, after adjusting for short term (under 1 year) debtors and creditors, the Council's investments will equal its earmarked and general Reserves. During the year this figure is supplemented by sums resulting from cashflow on the revenue budget, peaking in April and September when the precept instalments are received. There are several reasons for holding investments at any point:

- Sums arising from routine cash flow in year – short term, available when the cash flow profile requires, no longer than six months.
- A sum in the general reserve, held for emergency purposes, calculated annually as part of the budget process (24/25 £100k) to be available at 3 months' notice.
- Sums held in earmarked reserves for spending on a planned project, typically in a 1-to-5-year period.
- Sums held in the corporate projects reserve, awaiting allocation to projects or transfer to the earmarked reserve – this might be invested for up to 5 years, depending on how quickly the council wishes to review and implement its plans.

4.3 Security of the sum is the highest priority when making a decision to invest. The council does not currently take advice from professional advisors.

4.4 Payments in respect of investments, including transfers between bank accounts held in the same bank, or branch, shall be made in accordance with the DTC Financial Regulations.

4.5 The requirement of the council to have funds available to meet its revenue responsibilities is also a priority when determining the period of investment. Investments must take account of the council's cash flow requirements.

4.6 Movements between internal accounts shall be reported retrospectively to the Policy Committee.

4.7 Achieving a return on any investments is the third priority. Any investment return must be consistent with the need to preserve the security of the principle sum and meet payments owed by the council.

5 Policy

5.1 This Strategy is to be reviewed every January by the Policy Committee as part of the budget setting process.

Nigel Hayes

Responsible Finance Officer

18 March 2024