

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Treasury Management Policy

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Introduction

The primary principle governing the Board's investment criteria is the security of the financial institution in which the Board places its funds. Yield/return and liquidity are also key considerations.

1. The Board's funds

Approved Financial Institutions

The Board's funds are currently held at NatWest and Lloyds Banking Group. NatWest is a 100% subsidiary of RBS (Royal Bank of Scotland). In February 2009, the UK Government injected funds into RBS which gave it a shareholding stake of 81%. RBS is a 'nationalised bank' and depositors rely on the UK Government's current debt rating see the note over.

Lloyds has also received large injections of UK Government funds and is 9% Government owned. As with NatWest, depositors are relying on the UK Government's current debt rating.

The Board will only hold funds with NatWest and Lloyds Banking Group.

Maturity Policy

Current policy:-

In order to obtain higher rates it was agreed to increase the length of maturity to up to 1 year on a maximum of £500,000 held at NatWest and £400,000 at Lloyds Banking Group. NatWest are the Board's principal bankers, Lloyds are the Board's secondary bankers and funds to a total of £600,000 can be held with the

In the event that circumstances require the policy be amended, it will be brought before F&GP or the Board dependent on timing.

2. Funds received from Developers

Under minute No. 2218 at 24 June 2015 Board Meeting, the Board approved the appointment of Smith & Williamson Investment Managers. They will manage the fund on a non-discretionary basis.

The Board resolved to invest £500,000 of the funds into a balanced multi asset portfolio per the schedule attached. The funds will be made available in 10 monthly tranches of £50,000. At 30 April 2016 £250,000 had been invested. The Book value of these investments was £250,522.

A Treasury Management sub-committee of four Board members has been appointed.

They met on 24 February 2016 with Smith & Williamson and discussed general market issues. It was agreed that no changes to the original schedule of investments would be made at this time. A review would take place later in the year.