

LOWER SEVERN (2005) INTERNAL DRAINAGE BOARD

Treasury Management Policy

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Reviewed and recommended at the F&GP Meeting on 14 June 2017.

Approved at the Board Meeting on 28 June 2017

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'

Lloyds had also received large injections of UK Government funds. These have since been repaid following the sale of the Government holdings.

Cambridge and Counties Bank.

Under minute No. 2413 at 9 November 2016 Board meeting, the Board approved placing funds on 31 day notice with CCB. No limit was set. To date no funds have been placed with CCB. It is recommended that a maximum limit of £200,000 is set for funds placed with CCB.

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 who are the Board's principal bankers. Currently the Board can place up to £400,000 on deposit with at Lloyds. It is recommended that this is increased to £500,000 with a length of maturity up to 1 Year. Lloyds are the Board's secondary bankers with total funds of £600,000. It is recommended that this is increased to £700,000.

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 2017 £500,000 had been invested. The fair market value of these investments was £567,343. It is recommended that the income from these investments are re-invested in the 17 investment trusts held by the Board. The Treasury Sub Committee to be given authority to agree into which funds these should be invested following consultation with Smith & Williamson.