



## **ABERGAENNY TOWN COUNCIL**

### **INVESTMENT POLICY**

#### **1. INTRODUCTION**

- 1.1 Abergaenny Town Council acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its duty to have the highest standard of care for precept payers' money.

#### **2. POLICY**

- 2.1 This policy establishes formal objectives, 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.

#### **3. INVESTMENT OBJECTIVES**

- 3.1. The council's investment priorities are:

- the security of its reserves;
- the adequate liquidity of its investments, and
- the return on investment – the council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.

- 3.2 All investments will be made in sterling.
- 3.3 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.
- 3.4 The council will monitor the risk of loss on investments by review of credit ratings on a regular basis. The council will only invest in institutions of high credit quality – based on information from credit rating agencies.
- 3.5 Investments will be spread over different providers where appropriate to minimise risk.

#### **4. SPECIFIED INVESTMENTS**

- 4.1 Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short term investments made with the UK Government, or a local authority, or town or parish council, will automatically be Specified Investments.
- 4.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Abergavenny Town Council will use:
  - Deposits with banks, building societies, local authorities or other public authorities and other approved public sector investment funds.
- 4.3 The choice of institution and length of deposit will be at the approval of the full Town Council
- 4.4 The council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

## **5. NON-SPECIFIED INVESTMENTS**

- 5.1 These investments have greater potential risk – examples include investment in the money market, stocks and shares. Given the unpredictability and uncertainty surrounding such investments the Council will not use this type of investment.

## **6. LIQUIDITY OF INVESTMENTS**

- 6.1 The Finance Committee, in consultation with the Responsible Finance Officer, will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.
- 6.2 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.

## **7. LONG TERM INVESTMENTS**

- 7.1 Long term investments are defined as greater than 12 months. Any investment greater than 12 months will be subject to specific consideration and approval by the full Town Council.

## **8. INVESTMENT STRATEGY**

- 8.1 The council will invest as much of its balances as possible in low risk products in order to achieve its investment objectives. The council is mindful of the need to not make the administration of investments too complex, especially when considering the current low rates of return and the administration costs associated with managing multiple accounts and creating new accounts.

- 8.2 The investments will be split between appropriate bank and building societies and other low risk investment funds as determined by Finance Committee and the full Council.