



# **BRIDGEND TOWN COUNCIL**

## **ANNUAL INVESTMENT STRATEGY**

**Version No. 05**

Date of Approval: 20<sup>th</sup> May 2019

Review Date: 15<sup>th</sup> March 2021

*Town Clerk – Leanne Edwards*

*Deputy Town Clerk and RFO – Debra Jones*

## 1. OVERVIEW

This document gives guidance on borrowing and investments by Bridgend Town Council in accordance with 'the Local Government Act 2003'. It highlights that the Council is committed to Treasury Management to ensure that:

- Capital expenditure plans are affordable
- All external borrowing and other long term liabilities are within prudent and sustainable levels, and
- Treasury Management decisions are taken in accordance with good professional practice

The CIPFA Treasury Management Code of Practice defines Treasury Management as: 'The management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

## 2. INVESTMENT STRATEGY

### 2.1. Introduction

The Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

This Strategy complies (as appropriate) with the revised requirements set out in Guidance on Local Government Investments issued by the Department of Communities and Local Government in April 2010 and takes account of the Section 15(1)(a) of the Local Government Act 2003.

This Strategy should be read in conjunction with the Council's Financial Regulations.

### 2.2. Investment Objectives

In accordance with Section 15(1) of the 2003 Act, the Council will have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify.

- The Council's investment priorities are the security of reserves and liquidity of its investments.
- The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity.
- All investments will be made in sterling.
- The Department for Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Council will not engage in such activity.
- The Council's Finance Committee will monitor the risk of loss on investments by reviewing credit ratings on a quarterly basis and more often if necessary and by any appropriate means.
- The Council will only invest in institutions of high credit rating.
- Reference will be made in the assessment of credit worthiness to the general economic and political environment in which institutions operate.

- Investments will be spread over different providers where appropriate to minimise risk.
- Significant changes in credit ratings will be immediately reported to the Finance Committee and the Responsible Financial Officer will take action within delegated powers to protect Town Council assets.
- Where external investment managers are used, they will be contractually required to comply with the Strategy.
- The Town Council will provide specific staff training for treasury management appropriate to the Council's circumstances.

### 2.3. Specified Investments

Specified Investments are those offering high security and high liquidity, made in sterling and with a maturing of no more than a year. Such short term investments made with a body or investment scheme of high credit rating (including the UK Government or a local authority or town and parish council) will automatically be Specified Investments.

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

- Deposits with banks, building societies, local authorities or other public authorities

The Council currently holds its general funds in a Business Instant Access and Treasurers Accounts with Lloyds Bank.

### 2.4 Future investments

Bridgend Town Council resolved to make the following short-term investments in the 2019/20 financial year:

- £50,000: 1 year Nationwide Account
- £50,000: CCLA – Public Sector Deposit Fund
- £50,000: Unity Trust Bank
- Two months expenditure in the general current account held with Lloyds Bank
- Transfer remaining balance to the higher rate account held with Lloyds Bank

It was later resolved to not invest with CCLA – Public Sector Deposit Fund due to the risk of investment.

The opening of further bank accounts has yet to be completed due to prioritising of workload and COVID-19.

### 2.5. Non-Specified Investments

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

### 2.6. Liquidity of Investments

The Responsible Finance 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.

2.7. Long Term Investments

Long term investments are defined in the Guidance as greater than 36 months.  
Bridgend Town Council do not intend to enter into long term investments in the near future.

2.8. End of Year Investment Report

At the end of the financial year, the Responsible Finance Officer will report on investment activity to the Finance Committee.

**PUBLICATION**

In accordance with the Freedom of Information Act 2000, the Council’s Investment Strategy will be published on the Town Council’s website [www.bridgendtowncouncil.co.uk](http://www.bridgendtowncouncil.co.uk) and is also available as a hard copy from the Town Council Offices.

Date Reviewed By Full Council: 15<sup>th</sup> March 2021

Date approved by Full Council:

Signed: \_\_\_\_\_ Mayor

Signed: \_\_\_\_\_ Town Clerk

Signed: \_\_\_\_\_ Deputy Clerk/RFO