TREDEGAR TOWN COUNCIL INVESTMENT AND TREASURY MANAGEMENT POLICY

2026/27

This Investment Policy was initially adopted by the Council at its Meeting held on **20th September 2023** with subsequent annual reviews, the latest review being completed on 21st October 2026.

1. INTRODUCTION

1.1 Tredegar Town Council (Council) acknowledges the investment powers for any purpose relevant to its functions and the necessity of prudent management of its financial affairs. This power will be used reasonably and in accordance with its primary function to serve the public; to provide public services, promote its wellbeing and care for precept payers' funds.

1.2 Council currently holds two bank accounts and a Smart Money Cymru Community Investment Bond:

- Premium account for receipt of the Precept, paid on one lump sum, and for the holding of Reserves. This account receives interest, current rate 1.05%.
- Current account which receives monthly transfers from the Premium account, for operational transactions, and additional income such as VAT refunds/grants/minor deposits. No interest accrued on this account.
- Smart Money Cymru Community Investment Bond initially deposited with £30,000.00 in July 2025 for a six month period. On maturity, Council approved further reinvestments, the most recent being in August 2026 with the investment time extended from six months to 12 months and inclusive of the interest accrued since the initial investment. The investment is in the local community with the aim of it having a significant social impact. This account offers a 0.5% return on investment.

1.30 Council currently has no other financial investments.

2. POLICY

2.1 This Policy is based on the Welsh Government Statutory Guidance on Local Government Investments, issued under Section 15(1) (a) and 24 of the *Local Government Act 2003,* effective for financial years commencing on or after 1st April 2020. Under this section, local authorities are required to "have regard" to "such guidance as Welsh Ministers may issue". This guidance applies to Town and Community Councils with total investments expected to exceed £250,000 at any time during the financial year. All other town and community councils whose investments are not expected to exceed £250,000 shall have due regard to this guidance and give priority to security and liquidity rather than to yield for any investments they undertake.

All Town and Community Councils should:

(i) Agree a Capital Strategy before the start of the financial year as a minimum; this can be undertaken as a part of the budget setting process;
(ii) Agree appropriate limits for each category of investments it plans to carry out;
(iii) Agree a process that effectively monitors the strategy in year;
(iv) Ensure that all investments are in Sterling.

2.2 This Policy should be approved by the full council and the initial Policy may be replaced by another "revised" Policy at any time during the year, on one or more occasions, subject to the same process of Approval. Following Council's approval, the Policy and any revised Policy should be made available to the public free of charge, in print or online.

2.3 Key Policy Principles
The Policy should set out:

- Council's objectives, practices and reporting arrangements for the prudent management of its investments and for giving priority, firstly, to the security of those investments and, secondly, to their liquidity.
- Identify the procedures for monitoring, assessing and mitigating the risk of loss of invested sums.
- Ensure that invested sums are readily accessible for expenditure whenever needed.

3. RESERVES

3.1 Council will only maintain reserves for the following reasons:

(i) General (un-earmarked) Reserves: Governance and Accountability advises "It is generally accepted that general (un-earmarked) revenue reserves usually lie within a range of three to twelve months of gross expenditure". Council will not exceed twelve months.
(ii) Other Reserves which are Earmarked for specific purposes, future development or to meet commitments will be maintained as necessary and reviewed at least annually.

4. INVESTMENT OBJECTIVES

4.1 Council's investment priorities are:

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

4.2 Investments will be made in sterling.

4.3 The borrowing of money purely to invest, or to lend and make a return, is *unlawful* and Council will not engage in such activity.

4.4 Investments will be spread over different providers, of high credit quality, where appropriate to minimise risk and will regularly monitor the risk of loss on these investments. *(High credit quality – based on information obtained from credit rating agencies)*

5. SPECIFIED INVESTMENTS

5.1 Specified Investments – "Where the investment is made with a body or in an investment scheme of *high credit quality*".

5.2 For the prudent management of Council's treasury balances, maintaining sufficient levels of security and liquidity, Tredegar Town Council will use deposits with banks, building societies, local authorities or other public authorities and other approved public sector investments funds.

5.3 The choice of institution and length of deposit will be at the approval of Full Council, who will determine the maximum period for which funds may prudently be committed so as not compromise liquidity.

5.4 Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

6. NON-SPECIFIED INVESTMENTS

6.1 With regards to Non-Specified Investments (i.e those not meeting the definition of a Specified Investment, e.g. stocks and shares), these have greater potential risks. Given the unpredictability and uncertainty surrounding such investments Council will not use this type of investment.

7. LONG TERM INVESMENTS

7.1 Long term investments are defined as greater than 12 months. These investments would be subject to specific consideration and approval by Full Council, who will determine the maximum period for which funds may prudently be committed so as not compromise liquidity.

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, building societies and other low risk investment funds as determined by Full Council.

8.3 This policy will be reviewed annually.

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