



INVESTMENT POLICY

1 INTRODUCTION

- 1.1 The council acknowledges the importance of prudently investing the temporary surplus funds on behalf of the community as part of its duty to have the highest standard of care for precept payer's money.

2 POLICY

- 2.1 This policy establishes formal practices, objectives 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 objectives are:
- achieving security (protecting the capital sum from loss);
 - liquidity (keeping the money readily available for expenditure when needed);
 - where possible offset the impact of inflation.
- 3.2 Once proper levels of security and liquidity are determined, it will then be reasonable to consider a third objective, what level of return can be obtained consistent with the first two objectives.
- 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 Investments will be spread over different providers where appropriate to minimise risk.

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3.5 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.

4 INVESTMENT PRIORITIES

4.1 The council's investment priorities are, where possible:

- the security of its reserves;
- the adequate liquidity of its reserves;
- the return on investments – the council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity;
- best efforts be made to ethical investments.

4.2 All the investments of money under the control of the council shall be in the name of Pontypool Community Council.

5 SPECIFIED INVESTMENTS

5.1 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, local authority or community or town council will automatically be Specified Investments.

5.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the council will use deposits with banks, building societies, local authorities or other public authorities and other approved public sector investment funds.

5.3 The choice of institution and length of deposit will be at the approval of Full Council.

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

6 LIQUIDITY OF INVESTMENTS

6.1 The Finance, Governance and Policy Committee, in consultation with the Finance Manager, will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

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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 Full Council.