Version No.	3
Adopted Date:	September 2024
Last Reviewed Date:	November 2025
Next Review Date:	November 2026

INVESTMENT POLICY AND STRATEGY

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 in any capacity.

3.4 Investments will be spread over different providers where appropriate to minimise risk.

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.

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.

8 The Investment Strategy

8.1 The Annual Investment Strategy is prepared in accordance with the statutory guidance on Local Government Investments issued by Welsh Government and contain the disclosures and reporting requirements specified and be approved by Full Council.

8.2 Where a local authority proposes to make a material change to its Investment Strategy during the year a revised Strategy should be presented to Full Council for approval before the change is implemented.

8.3 All cash, bank balances, financial assets, borrowings and credit arrangements are defined as part of the council's treasury management activities. This Annual Investment Strategy will concentrate on the Council's temporarily surplus resources (or other financial assets it holds) and the investments it undertakes of these resources.

8.4 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.

8.5 The investments will be split between appropriate bank and building societies and other low risk investment funds as determined by the Finance, Governance and Policy Committee and the Full Council.

8.6 The Council undertakes to ensure that for all its investments, priority will be given to security and liquidity rather than to yield. In drafting this Investment Strategy, the council has made appropriate arrangements for:

- identification, management and control of risks in the investment/ treasury management activities it undertakes;
- budgeting, accounting and audit arrangements;
- its cash and cash flow management requirements;

- segregation of responsibilities, organisational arrangements, adequate documentation and the identification of a responsible officer for investment/treasury management activities;
- corporate governance;
- procedures to ensure it is alert to the possibility it may become subject to an attempt to involve it in a transaction involving the laundering of money.

8.7 All investments undertaken by the Council will be made and repaid in sterling and will be in the name of the council for a maximum of 6 month/12 months with a recognised banking institution.

9 New Investments

9.1 If any new investment instruments are proposed during the financial year 2024-2025, before such an investment is undertaken, it will need to be first approved by the Full Council.