

## ANNUAL INVESTMENT STRATEGY FOR CALDICOT TOWN COUNCIL

This Annual Investment Strategy is prepared in accordance with the statutory guidance on Local Government Investments issued by Welsh Government.

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.

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 Annual Investment Strategy the Council has made appropriate arrangements for:

- Identification, management and control of risks in the investments/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.

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

### SUMS TO BE INVESTED

#### *Town Council Bond*

As at 22.07.15	<b>£70,000</b>
As at 22.01.16	<b>£70,000</b>
As at 22.07.16	<b>£100,000</b>
<b>TC 10.12.16</b>	<b>Withdrawal of Bond facility on maturity - £100,000 Transferred to 14 day notice</b>
<b>TC 14.11.17 [Estimates Committee]</b>	<b>Deferred TC 29.11.17</b>

#### **CCLA**

<b>TC 30.05.18</b>	<b>To pursue investment with CCLA (TC 27.6.18)</b>
<b>TC 11.09.18</b>	<b>£100,000 investment CCLA for 6 months</b>
<b>TC 29.05.19</b>	<b>£100,000 re- investment CCLA, consider additional banking institution</b>
<b>TC 31.07.19</b>	<b>£100,000 investment Monmouthshire Building Society</b>

### NEW INVESTMENTS

If any new investment instruments proposed during the financial year 2019-20 before such an investment is undertaken it will need to be first approved by Caldicot Town Council.

## **ANNUAL RESERVES STRATEGY FOR CALDICOT TOWN COUNCIL**

Caldicot Town Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this strategy is to set out how the Council will determine and review the level of General Reserves. The reserves may protect against risk, ensure contingences are in place and to support investment in future projects which are beneficial to the town.

The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement and it is the responsibility of the Responsible Financial Officer to advise the Council about the level of reserves and to ensure that there are clear protocols for their establishment and use.

General reserves can be used to smooth the impact of significant pressures, offset the budget requirement if necessary or can be held in case of unexpected events or emergencies.

Earmarked reserves will be established on a “needs” basis, in line with planned or anticipated project requirements, and would be established through a decision of the Town Council. The Council, when establishing an earmarked reserve, will set out:

- the reason/purpose of the reserve;
- how and when the reserve can be used;
- procedures for the management and control of the reserve;
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

Earmarked reserves that have been used to meet a specific liability would not need to be replenished, having served the purpose for which they were originally established.

A well-run authority with a prudent approach to setting its budget will each year consider its level of general and earmarked reserves. The level of reserves will be reviewed as part of the annual budget preparation.

In assessing the level of the Town Council’s reserves, account needs to be taken of the risks facing the Council in terms of any significant unforeseen expenditure requirements. Possible future transfers of services from Monmouthshire County Council and any capital requirements for the management of the Council’s assets and buildings could be considered.

Reviewing the Council’s Financial Risk Assessment is part of the budgeting and year end accounting procedures and identifies planned and unplanned expenditure items and thereby indicates appropriate mitigating actions and level of Reserves. In assessing the adequacy of reserves the strategic, operational and financial risks facing the authority will be taken into account.

Caldicot Town Council must ensure that a proper and appropriate exercise has been undertaken and that the levels of closing reserves for the year remain “fit for purpose”.