

**CYNGOR TREF
Y DRENEWYDD A
LLANLLWCHAEARN**



**NEWTOWN AND
LLANLLWCHAIARN
TOWN COUNCIL**

ANNUAL INVESTMENT STRATEGY 2016-2017

STATUTE

This Annual Investment Strategy is prepared in accordance with powers under the LOCAL GOVERNMENT ACT 2003 (Section 12), and in accordance with the statutory guidance on Local Government Investments issued by the National Assembly for Wales (April 2004) under Section 15 (1)(a) Local Government Act 2003.

INTRODUCTION

Section 12 of the Local Government Act 2003 gives a local authority the power to invest for any purpose relevant to its functions under any enactment, or for the purposes of the prudent financial management of its financial affairs.

‘Investment – a transaction which relies upon the power in section 12 of the 2003 Act and is recorded in the balance sheet under the heading of investments within the current assets or long-term investments. The term does not include pension fund and trust investments, which are subject to separate regulatory regimes.’

The local authority is required to have regard to the guidance issued by the National Assembly for Wales. This guidance states that the general policy is that local authorities should invest prudently the surplus funds held on behalf of the community. **The emphasis should be given to security and liquidity rather than yield**, although the highest rate of return should be sought which is consistent with proper levels of security and liquidity.

This Strategy will normally be produced for 1st April of the financial year in question, following the declaration of budget for that year.

This Strategy is produced in addition to any other Treasury Management Policy Statement that the Council may normally produce.

SCOPE

All cash, bank balances, financial assets, borrowings and credit arrangements are defined as a part of the Council's treasury management activities. This Annual Investment Strategy will concentrate on the Council's temporary surplus resources (or other financial assets it holds) and the investments of these resources, and *not* with capital, land, or trust holdings.

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 will have regard to appropriate arrangements for:

- Identification, management and control of risks in the investments/ treasury management activities it undertakes,
- Budgeting, accounting, reporting and audit arrangements,
- Estimated expenditure for the current and for the next financial year,
- Prudent cash and cash flow management,
- 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 attempts to involve it in a transaction involving the laundering of money.

All Investments undertaken by this Council will be made and repaid in Sterling.

Investments will be placed across a number of financial institutions in order to reduce financial risk that might otherwise result from investment in a single institution.

SUMS TO BE INVESTED

The following estimated temporary sums will be invested during the year 2016-2017 (as estimated and resolved at January 2016):

Annual precept to be received in instalments 2016-2017	£334,579.10
Grants to be received 2016-2017	£59,383.22
All other income to be received 2016-2017 (inc re-cycling)	£40,689.00
Estimated surplus/ (deficit) if any 2015-2016	£47,868.00

LISTING OF INVESTMENTS UNDERTAKEN

The Council will undertake the following categories of investment for the financial year 2016-2017:

- Overnight Cash Deposits at the Council's Banks to a maximum of £1,000
- Cheque Deposits at the Council's Banks to a maximum of £5,000
- Automated BACS receipts at the Council's Banks to a maximum of £400,000.00
- Reserves and Deposits in Interest Earning Accounts for 12 months at the Council's Banks to a maximum of £350,000.00

NEW INVESTMENTS – REPORTING REQUIREMENTS

If any new investment instruments (other than those approved in the list above) are proposed during the financial year 2016-2017 before such an investment is undertaken it will need to first be approved by the Newtown and Llanllwchaearn Council.

GLOSSARY

Borrowing and Credit arrangements: this covers all forms of borrowing or credit transactions that the Council may undertake.

End

M Williams, Swyddog Cyllid Cyfrifol / Responsible Finance Officer
pp E J Humphreys, Clerc y Dref/ Town Clerk

24th March 2016