

# LLANFAIR CAEREINION TOWN COUNCIL

## INVESTMENT STRATEGY

### 1. Approval of investment strategy

The investment strategy, financial regulations, cash handling procedure and financial risk assessment are to be approved annually by the Full Council in February of each year.

Before the Council approves such documents they should be issued at least one month before any meeting to give such approval.

### 2. General statement

The Investment Strategy is prepared in accordance with statutory guidelines on Local Government issued by Government.

### 3. Investment and balances

All cash balances, financial assets, borrowings and credit arrangements are defined as part of the Councils treasury management activities.

The Strategy will concentrate on the Councils surplus resources and the investments it undertakes with these resources.

### 4. Financial Regulations

The Council will maintain and implement a full range of financial regulations, risk assessments and other financial controls.

### 5. Non Cash Investments

The Council has substantial permanent assets in the form of buildings, land, artefacts, stock and other items.

The Council will maintain a current valuation of these assets and will ensure that they are properly insured to protect them.

6. **Investment Policy** The Council undertakes to ensure that for all of its investments, priority will be given to security and liquidity rather than yield rates. These three are considered on merit as follows:

**Security** - All investments shall be in the low risk category as assessed by a professional regulated by the FSA.

Invested lots shall be no more than £10,000 per investment.

**Liquidity** - All money in reserves shall only be invested in high interest accounts which are accessible within one year.

**Yield** - Yield rates shall be in excess of that obtainable on a Bank Deposit Account by 200% or such yield shall not be considered viable. Yield rates shall be a secondary consideration with both Security and Liquidity taken into account first.

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### 7. Controls

In drafting the Strategy the Council has made appropriate arrangements for:

- i) Identification, management and control of risks in the investment of treasury management activities it undertakes (see Financial Risk and Council Risk Assessments).
- ii) ii) Budgeting, accounting and audit arrangements.
- iii) iii) Its cash and cash flow managements requirements.
- iv) iv) Segregation of responsibilities, organisational arrangements, adequate documentation and the identification of a Responsible Financial Officer (Robert A Robinson MBE FRICS) for the investment and treasury management activities.
- v) v) Corporate governance.
- vi) vi) Procedures to ensure it is alert to the possibility it may become subject to an attempt to involve it in a transaction involving laundering of money.
- vii) Cash handling controls (see cash handling procedure.
- viii) viii) Consult with the internal auditor when making any investments.

### 8. Sums to be invested

The temporary surplus of resources of the Council may wish to invest in the current year will be calculated as follows:

Where –      X = The Reserves as stated in the annual return in the previous year  
                    Y = £20,000 or such greater sum as the Council approves

Committee may decide at the time. Z = The balance maybe invested in line with this Strategy.

The amount which can be invested shall be  $X - Y = Z$

### 9. Listing of investments

The investments of the Council shall fall into one of two categories:

- a) Short term The short term investments (Total cash and investments – Annual Return) – including Cash, Deposits, Bank Accounts and Bonds (1 year only redeemable at shorter notice)
- b) Long term The long term investments shall include freehold and leasehold property, artefacts and other fixed assets of the Council as shown on the assets register. The Council will invest in no more than £10,000 lots in any investments of the Council.

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The Council will keep records of the cash, deposits, investments and bonds held by the Council. The Council will maintain an asset register for long term investments.

### **10. New investments**

If any new investments instruments are proposed during the year before such investment is made it will have first have been approved by the Full Council.

### **11. Money**

All investments, both short and long term, shall be in £ sterling only.

### **12. Review**

This Policy shall be reviewed annually by the Full Council.