Wem Town Council

Annual Investment and Treasury Management Strategy 2025 - 26

1. Introduction

Wem Town Council recognises the importance of prudently managing its investment and treasury functions. This strategy provides guidance on investing temporarily surplus funds and outlines the Council's approach to external borrowing in accordance with the Local Government Act 2003 and relevant CIPFA and DLUHC guidance.

The Council is committed to ensuring that:

- Capital expenditure plans are affordable.
- External borrowing and other long-term liabilities remain within sustainable levels; and
- Treasury decisions follow sound professional practices.

2. Investment Objectives

The Council's investment priorities are:

- The security of reserves.
- Liquidity of investments; and
- Achieving an optimum return consistent with the above.

All investments will be made in Sterling and only after appropriate advice has been sought from an Independent Financial Advisor or Shropshire Council's Treasury Management Team. Borrowing purely to invest for return is prohibited.

Where external investment managers are used, they will be contractually required to comply with this strategy.

3. Specified and Non-Specified Investments

<u>3.1 Specified Investments</u>

Specified investments are those:

- Made in Sterling.
- Maturing within 12 months.
- Offering high security and liquidity.

Permitted specified investments include:

- Deposits with UK Government, local authorities, town/parish councils.

- Banks, building societies, and AA-rated public sector funds.
- The Debt Management Agency of HM Government.

3.2 Non-Specified Investments

These are investments with greater risk or longer maturity, such as:

- Corporate or government bonds over 12 months.
- Stocks, shares, or money market instruments.

Such investments will only be made with AA or better-rated institutions and after taking professional advice.

4. Liquidity of Investments

The RFO, in consultation with the Finance & Corporate Governance Committee, will determine appropriate investment periods to maintain adequate liquidity. Investment commitments commence from the date of agreement, not the transfer of funds.

5. Long-Term Investments

Long-term investments are defined as those exceeding 36 months. No such investments are currently held.

Any future long-term investment will:

- Follow advice from appropriate advisors.
- Be assessed using broader financial context, not credit ratings alone.

At the end of March 2025, General Reserves stood at £282,328. Earmarked reserve levels at 1st October 2025 are shown below:

Earmarked Reserves	**Amount (£)**
Bulmer Cottage Reserve Fund	28,511
Developers Contributions Account	34,908
Service Transformation	35,741
Streetlighting Column Replacement	5,000
Neighbourhood fund	11,796
Elections	10,024
Pensions	7,572
Play Equipment	7,500
Recreation ground toilets	6,600
Highways Projects	1,886
Heads Up Mental Health	1,250
Cemetery Extension	10,000
Public Toilets	690

Christmas Festival	2,061
Lampost poppies	165
Christmas Lights	2,952
Skate Park	2,900
Office Improvements	1500
Christmas Lights Competition	1,600
Christmas Market Deposits	100
Wem Economic Forum	1,597
Summer Market Deposits	20
Allotment Deposits	200
Jubilee Square Tree	600
Mayoral Chain	1,320
Events	1,000
Total	**177,496**

6. External Borrowing Strategy

6.1 Overview

The Council will only borrow for capital projects in accordance with Section 16 of the 2003 Act. Borrowing must be approved by Full Council and will follow application procedures via NALC.

6.2 Principles

- Borrowing must have Secretary of State approval (unless short-term);
- Projects must meet capital expenditure definitions;
- Borrowing should exceed £2.50 per local government elector;
- A realistic repayment plan must be in place;
- Property cannot be mortgaged as security.

6.3 Interest and Loan Periods

- Loans will typically be sought from the Public Works Loan Board (PWLB);
- PWLB's fixed rates are preferred for financial stability;
- Maximum term: 50 years for land/buildings; 20 years for other projects.

6.4 Current Borrowing

Source of Borrowing & Year	Amount	Term of Loan	Rate of Interest	Balance Outstanding at 1st April 2025	Purpose
PWLB 2009	£60000	20 years	4.83%	£10,500	Street Lighting

6.5 Future Borrowing

Future borrowing may be considered for capital projects. Documentation will be retained throughout the loan term.

7. Reporting and Review

- Investment performance will be reported twice yearly to the Finance & Corporate Governance Committee.
- Forecasts are built into annual budgets and year-end reviews.
- The Strategy will be reviewed annually by the RFO and approved by the Committee.
- The Council may amend the strategy at any time, subject to Full Council approval.

8. Freedom of Information

This document will be made available on the Council's website in line with the Freedom of Information Act 2000.

Approved by Wem Town Council:

Signed: ______________________________

Town Mayor

Signed: ______________________________

Responsible Financial Officer