

ANNUAL INVESTMENT STRATEGY 2021/22**1. INTRODUCTION**

- 1.1 The Town Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.
- 1.2 This Strategy complies with the revised requirements set out in the Office of the Deputy Prime Ministers Guidance on Local Government Investments and Chartered Institute of Public Finance and Accountancies, Treasury Management in Public Services, Code of Practice and Cross Sector Guidance Notes and takes account of the Section 15 (1) (a) of the Local Government Act 2003 and Best Practice from the National Association of Local Council's and CIPFA.

2. INVESTMENT OBJECTIVES

- 2.1 In accordance with Section 15 (1) of the 2003 Act, the Council will have regards to (a) such guidance as the Secretary of State may issue and (b) such other guidance of the Secretary of State may by regulations specify.
- 2.2 The Council's investment priorities are the security of reserves and liquidity of its investments. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. Such investments will only be made having sought advice where appropriate from an Independent Financial Advisor or the Treasury Management Team at Shropshire Council.
- 2.3 All investments will be made in sterling.
- 2.4 The Ministry for Housing Communities and Local Government maintains 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.
- 2.5 Where external investment managers are used they will be contractually required to comply with the Strategy.
- 2.6 When investing funds the Council will take account of Shropshire Council's party list rating.
- 2.7 The amount of any specified investment can be up to 100% of the Council's available funds for investing.

3. SPECIFIED INVESTMENTS

- 3.1 Specified investments are those offering high security and high liquidity made in sterling and with a maturing of no more than a year. Such short term investments made with the UK Government or a Local Authority or Town and Parish Council will automatically be specified investments.

3.2 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, other public authorities or other AA rated public sector deposit/ investment funds.
- The Debt Management Agency of HM Government

4. NON SPECIFIED INVESTMENTS

4.1 These investments have greater potential risk – examples include investment in the money market, stocks and shares.

4.2 Such investments may be permitted but the Council must give careful consideration to such having taking advice from an IFA or the Treasury Management Team at Shropshire Council

4.3 Such investments shall only be made with AA or better rated institutions/ Funds.

5. LIQUIDITY OF INVESTMENTS

5.1 The Finance & Corporate Governance Committee will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

5.2 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.

6. LONG TERM INVESTMENTS

6.1 Long term investments are defined in the Guidance as greater than 36 months.

6.2 When investing in corporate bonds and/or government bonds the credit rating alone is not sufficient to make an investment it needs to be reviewed within the context of the wider financial economic information available and advice.

6.3 The Council **does not currently** hold any funds in long term investments. Such investments will only be made having sought advice where appropriate from Independent Financial Advisors or the Treasury Management Team at Shropshire Council.

6.4 The Council's General Reserves on 31.3.21 stood at £235,964. The Council's earmarked reserves at 1.10.21 are as follows

Earmarked Reserves	Amount
Bulmer Cottage Reserve Fund	45311.08
Developers Contributions Account	35175.66
Service Transformation	33000.00
Streetlighting Column replacement	21479.78

Neighbourhood fund	24882.91
Elections	5024.00
Pensions	8846.00
Play equipment	5400.00
Recreation ground toilets	9700.00
Highways Projects	1886.00
Cemetery Extension	8000.00
Heads Up Mental Health	8000.00
Public Toilets	5000.00
Christmas Lights	1212.00
Lampost poppies	75.00
Skate Park	2000.00
Office move	5000.00
Seats	-8.00
Total	219,984.43

7. REPORTING ON INVESTMENT PERFORMANCE

- 7.1 Investment performance statements will be circulated half yearly to the Finance & Corporate Governance Committee.
- 7.2 The Council will ensure that the Committee and RFO have sufficient training to underpin their responsibility to scrutinise this treasury management function.
- 7.3 Investment forecasts for the coming year were accounted for when the budget was prepared. At the end of the financial year the RFO will report on investment activity to the Committee.

8. REVIEW AND AMENDMENT OF REGULATIONS

- 8.1 This Strategy will be reviewed annually. The annual strategy for the coming year will be prepared by the RFO and presented for approval by the Finance & Corporate Governance Committee.
- 8.2 The committee reserves the right to make variations to the Strategy at any time subject to the approval of Full Council. Any variations will be made available to the public.

9. FREEDOM OF INFORMATION

- 9.1 In accordance with the Freedom of Information Act 2000 this document will be posted on the Council's website.

Approved by the Town Council :

Signed:

(Town Mayor)

Signed:

(Town Clerk & Responsible Financial Officer)



WEM TOWN COUNCIL

TREASURY MANAGEMENT STRATEGY 2021- 2022

1. OVERVIEW

1.1. This document gives guidance on borrowing investments by the Town Council in accordance with the Local Government Act 2003. It highlights the Council's commitment to treasury management to ensure that:

- Capital expenditure plans are affordable
- All external borrowing and other long term liabilities are within prudent and sustainable levels
- Treasury management decisions are taken in accordance with good professional practice.

1.2 The CIPFA Treasury Management Code of Practice defines Treasury Management as; "the management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks".

INVESTMENT STRATEGY

2. INTRODUCTION

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- 3.5 Where external investment managers are used they will be contractually required to comply with the Strategy.

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- 4.2 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. AA rated public sector deposit/ investment funds.
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- 5.2 Such investments may be permitted but the council must give careful consideration to such having taking advice from an IFA or the Treasury Management Team at Shropshire Council.

6. LIQUIDITY OF INVESTMENTS

- 6.1 The Responsible Financial Officer (RFO) in consultation with the ~~Chairman of the Finance & Corporate Governance Committee~~ 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 in the Guidance as greater than 36 months.
- 7.2 When investing in corporate bonds and/or government bonds the credit rating alone is not sufficient to make an investment, it needs to be reviewed within the context of the wider financial economic information available and advice.
- 7.3 **The Council does not currently hold any funds in long term investments.** Such investments will only be made having sought advice where appropriate from an IFA or the Treasury Management Team at Shropshire Council.

7.4 The Council's General Reserves on 31.3.21 stood at £235,964. The Council's earmarked reserves as at 30.9.21 consisted of the following:

Earmarked Reserves	Amount
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8. REPORTING ON INVESTMENT PERFORMANCE

- 8.1 Investment performance statements will be circulated half yearly to the Finance & Corporate Governance Committee.
- 8.2 The Council will ensure that the Committee and RFO have sufficient training to underpin their responsibility to scrutinise this treasury management function.
- 8.3 Investment forecasts for the coming year were accounted for when the budget was prepared. At the end of the financial year the RFO will report on investment activity to the Committee.

9. EXTERNAL BORROWING STRATEGY

9.1 INTRODUCTION

The Town Council acknowledges the importance of borrowing funds and the financial impact on the Council. It therefore takes into consideration the following before incurring the community.

- 9.2 Council will agree borrowing for specific capital projects (as defined in Section 16 of the 2003 Act) and gain approval for borrowing by sending an application to the National Association of Local Councils (NALC). All borrowings must be approved by the Full Council

10. PRINCIPLES

- 10.1 Before a Council can borrow a sum of money it must first receive an approval to borrow (loan sanction) from the Secretary of State by way of the Department for Communities and Local Government (DCLG) unless it is for a temporary loan or overdraft from a bank or otherwise of sums which the Council may temporarily require to meet revenue expenditure.
- 10.2 The process to be followed and the criteria applied in deciding whether or not approval should be forthcoming are detailed in the Guide to Parish and Town Council Borrowing in England jointly published by NALC. There is no national limit on the total annual amount of borrowing available to local councils in England. However, the amount that an individual council will be allowed to borrow is normally limited to £500,000 in any one financial year
- 10.3 The Council will ensure the following criteria when considering borrowing approval:
- The borrowing should only be used for the purpose of capital expenditure defined by Section 16 of the Local Government Act 2003.
 - The borrowing amount should not be less than £2.50 x by the number of local government electors in the area of the Council on the first day of the current financial year (1st April).
 - Any unallocated balances including where appropriate capital receipts beyond those required for the prudent financial management of the Council should be used in the project for which the borrowing is required.
 - The Council should have a realistic budget for the servicing and repayment of the debt taking into account the future effect on the Council's precept and cash flow.
 - The Council must not mortgage or charge any of its property as security for money borrowed.

11. INTEREST RATES

- 11.1 The Council will look around for the best possible terms when doing this but will usually be the Public Works Loan Board (PWLb).
- 11.2 The Council feels that the fixed term rate offered by the PWLB are relatively cheap and that this would be the best way forward for the stability of financial planning of the Council.

12. PERIOD OF LOAN

- 12.1 The Council will determine the period of the loan which should not exceed the period for which the expenditure is forecast to provide benefit to the Council i.e. useful life of the asset.
- 12.2 The maximum period will begin on the date on which the money is borrowed and will be:
- 50 years for acquisition of all work on/or to land, buildings, roads or structures (excluding street lighting) or
 - 20 years in all other cases

13 CURRENT EXTERNAL BORROWING

13.1 The Council's external borrowing position as at the 1st April 2021 is as follows:

Source of Borrowing & Year	Amount	Term of Loan	Rate of Interest	Balance Outstanding at 1 st April 2021	Purpose
PWLB 2009	£60000	20	4.83%	£22,500	Street Lighting

14. FURTHER ANTICIPATED EXTERNAL BORROWING

14.1 The Town Council may consider a loan application during 2021-22 for the purposes of capital expenditure for work on buildings however exact details of amounts and timescale are currently unknown.

14.2 All documentation relating to any future loan will be retained by the Council for the period of the loan and until all related Finances have been completed and in compliance with statutory requirements.

15. REVIEW AND AMENDMENT OF REGULATIONS

15.1 This Strategy will be reviewed annually. The Annual Strategy for the coming financial year will be prepared by the RFO and presented for approval by Finance & Corporate Governance Committee.

15.2 The Council reserves the right to make variations to the Strategy at any time subject to the approval of the Full Council. Any variations will be made available to the public.

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Approved by the Town Council :

**Signed:
(Town Mayor)**

**Signed:
(Town Clerk & Responsible Financial Officer)**