Trowbridge Town Council

Working for your Community

Annual Investment Strategy

UPDATE TIMELINE

Reference Number	Version	Owner	Approval Date	Review Date
02	V1	Town Clerk/Finance Manager	January 2026	January 2027

Annual Investment Strategy 2025-27

Approved: January 2026
Review Date: January 2027

1. INTRODUCTION

This Investment Strategy sets out the policies determining how treasury balances and other investments will be managed and invested by Trowbridge Town Council ("the Council").

The Strategy has been produced with reference to, and complies with, the Statutory Guidance on Local Government Investments (3rd edition) under Section 15(1)(a) of the Local Government Act 2003.

2. OBJECTIVES

2.1 The policy objective is prudent investment of council balances. The Council's investment priorities are:-

(i) the security of its reserves;

(ii) the liquidity of its general investments;

(iii) the desire to generate a good yield from the investment.

2.2 The Council will aim to achieve a reasonable return on its investments commensurate with appropriate levels of security and liquidity.

2.3 Adequate liquidity is required to ensure that day to day activities can be funded, and it is desirable to ensure that an appropriate return on cash deposits is achieved. This document sets out the general principles and policies to be adopted in the management of the Council's cash and investments.

3. FINANCIAL POLICIES

When considering financial plans, preparing the annual budget and managing day to day cash-flow, the Council will aim to:

3.1 Maintain a working bank account balance of at least 1 month's net anticipated expenditure.

3.2 Allocate surplus balances in suitable accounts or funds that are accessible immediately or with a specified period of notice in order to generate a suitable level of interest return.

3.3 Maintain a General Reserve, not earmarked for specific purposes, to cushion the impact of unexpected events or emergencies or to smooth out cash-flow when undertaking works prior to the receipt of approved grants or Developers Contributions. The Council will aim to increase the level of General Reserve between 2026 and 2030 to, and then maintain it at, a minimum 3 months of net revenue expenditure.

3.4 Maintain Earmarked Reserves, for both capital and revenue expenditure, to meet known or predicted liabilities, identified individually in the Council's budgets.

4. SPECIFIED INVESTMENTS

4.1 All investments will be Specified Investments.

(i) All investments will be made in sterling, and any payments or repayments will also be made in sterling;
(ii) All investments will be short term investments which will not exceed a maximum of 12 months, including non-conditional options;
(iii) All investments will be made with a body or investment scheme described as 'High Quality' or with the UK Government or another local authority;
(iv) All investments will be made in UK banks and building societies, or other UK regulated institutions or funds

4.2 The Council's interpretation of 4.1(ii) is that no monies can be placed on term deposit that has a maturity date in excess of 12 months. All investments held must be realisable within this maximum period. The Council, for prudent management of its treasury balances may use:

- a combination of current account and 30-day business account
- public sector deposit fund
- treasury deposits with UK clearing banks

4.3 Credit Rating changes will be monitored and reported to the Risk & Audit Panel; if the rating falls during this period the Finance Manager, in consultation with the Town Clerk, Panel and the Policy & Resources Committee, will decide on any appropriate action.

4.4 Investments should not be made with bodies, institutions, or funds that support or exploit, either directly or indirectly the inappropriate welfare and treatment of people or animals/wildlife. The Council may from time to time produce a list of specific investments or investment sectors that it wishes to avoid. The Council will satisfy itself that funds are only invested in an ethical manner commensurate with the use of public monies

4.5 The Council's approach to investment risk can be defined as 'Lower-Medium' risk. Advice will be sought from a suitably qualified and experienced persons or bodies with a proven track record prior to investment decisions being made who must be regulated by the Financial Conduct Authority.

4.6 Investment decisions in respect of the investment of Capital Reserves will be made with a medium-term view of at least 5 years whilst complying with the Statutory Guidance issued in regard to the length of any individual investment.

4.7 In practice the Council has invested in fixed term treasury bank deposits (between overnight and up to 6 months). The Finance Manager (FM), in consultation with the Responsible Finance Officer (RFO), determines the period of commitment for which funds may prudently be committed. They shall properly assess the risk of committing funds to longer-term investments. This is to be done with reference to The Chartered Institute of Public Finance & Accountancy's (CIPFA) Prudential Code for Capital Finance in Local Authorities and Treasury Management in the Public Services Code of Practice.

5. NON-SPECIFIED INVESTMENTS

Non- Specified Investments will not be used by Trowbridge Town Council

6. BORROWING

6.1 All borrowing requires the approval of the Council. Borrowing to fund capital expenditure may need the prior approval of the Ministry of Housing, Communities & Local Government (MHCLG). The process to be followed and the criteria to be applied are detailed in the Guide to Parish and Town Council Borrowing in England jointly published by the Ministry and the National Association of Local Councils.

6.2 The Ministry maintains that borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

7. REVIEW OF, OR AMENDMENTS TO, THE STRATEGY

The Investment Strategy must be reviewed annually and revised if considered necessary. Any variations will be reported to the Council as and when they arise.

Signed ……. Dated …….

Juliet Weimar – Town Clerk

Approved at the meeting of the Policy & Resources Committee on 12th Jan 2026 and will be reviewed and updated on an annual basis.