Tenby Town Council

Investment Strategy 2026-2027

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PURPOSE

Tenby Town Council ("The Council") recognises the importance of its role as the closest tier of government to Tenby, the services it delivers on behalf of its community and the prudent financial management of public funds to underpin this.

The Council has a bold vision to ensure Tenby remains a thriving community and to support the Council in realising this ambition, it undertakes to suitably, sustainably and purposefully invest public money in accordance with Welsh Government Statutory Guidance on Local Government Investments, The Chartered Institute of Public Finance and Accountancy Prudential Code, the Local Government Act 2003 and other good practice.

WHAT IS AN INVESTMENT?

An investment, within the scope of this strategy, is anything held or a transaction which relies upon the power in section 12 of the Local Government Act 2003. This covers all of the financial and non-financial assets a local authority has invested money into primarily or partially for the purpose of generating a surplus including investment property.

The definition of an investment also covers loans made by a local authority to one of its wholly-owned companies or associates, to a joint venture, or to a third party.

A long-term investment, within the interpretation of this strategy and Welsh Government Guidance, is any investment other than one which is due to be repaid within 12 months of the date on which the investment was made.

INVESTMENT STRATEGY PREPARATION

The Council shall normally produce and an annual investment strategy before the beginning of the forthcoming financial year no later than March. The Policy & Finance Committee shall consider the strategy and make a recommendation for Full Council to approve.

In years where the Council expects to hold investments exceeding £250,000, it will produce and an annual investment strategy before the beginning of the forthcoming financial year no later than March in line with Welsh Government Statutory Guidance.

GOVERNANCE

This strategy belongs to Tenby Town Council and can only be approved or amended by Full Council.

The creation- and execution of the strategy shall be carried out in accordance with the Town Council's Standing Orders and Financial Regulations.

The Council shall, by resolution, make provisions for the operational management of monies or resources invested to ensure investments are made- and drawn down lawfully when the strategy is approved.

Council shall only consider for approval investments which are congruent with its approved strategy. Each commitment of monies to be invested must be made in accordance with Council's Standing Orders and Financial Regulations and investments made to new funds, financial vehicles or financial instruments must be approved by either the Policy & Finance Committee or Full Council.

Reporting on investments, their ongoing suitability and performance shall be made to the Policy & Finance Committee or Full Council in congruence with Council's monitoring periods for corporate oversight and management.

KEY PRINCIPLES IN COUNCIL'S INVESTMENTS

The Council's investment strategy is created with the following principles in accordance with Welsh Government Statutory Guidance.

- **Security**: Protecting the capital sum from undue risk or loss,

- **Liquidity**: Ensuring invested public money can be drawn down to fulfil the needs and services of the public when required while observing the above principle and,

- **Yield**: Seeking to return the best value for money for the taxpayer in line with Council fiduciary responsibilities while observing the above principles.

These principles are to be considered in the order in which they are presented above.

The Council recognises the important role it as an investor of public funds and the positive change it can affect through the investments it makes.

The Council shall consider favourably, in accordance with the above three principles, investments which promote societal wellbeing and which support a low carbon economy. As part of the process of monitoring its investments, the Council shall report against these areas.

TYPES OF COUNCIL INVESTMENT

The Council will consider financial investments within the three types of investments classified by Welsh Government Statutory Guidance. These are;

- Investments held for treasury management purposes;
- Commercial investments; and
- Other Investments relevant to council functions.

Financial investments shall hold the same definitions contained within Welsh Government Statutory Guidance.

Specified investments shall be made with a body or in an investment scheme of high credit quality.

Non-specified investments shall be made considering the following principles:

- Determine which categories of such investments are prudent through the scrutiny and consideration of any new funds, financial vehicles or financial instruments and guidance of qualified treasury management advisers,
- Identify which categories of such investments are identified as suitable for prudent use with the guidance of qualified treasury management advisers taking into consideration the purposes for which Council is holding the investment,
- Align the upper limits for the maximum amounts both individually and cumulatively which, at any time, during the financial year, may be held in each category. These shall be congruence with long-term Council, planned capital expenditure; and,
- Confirm, no less frequently than annually, that the Council's non-specified investments have remained within the identified limits.

Council's upper limit for an individual non-specified investment in an individual category within a financial year shall not exceed:

[***Council does not forecast any non-specified investments within the current financial year***]

Council may consider, on a case by case basis, making investments in the form of a loan in line with Welsh Government Statutory Guidance. In considering the making of any loan, the Council shall consider the following:

- Proportionality of financial exposure to the type of loan
- An allowed 'expected credit loss' model for loans and receivables as set out in International Financial Reporting Standard 9 Financial Instruments as adopted by proper practices to measure the credit risk of their loan portfolio

- Appropriate consideration to state aid rules and competition law

- Appropriate credit control arrangements to recover overdue repayments in place; and,

- A formally agreed total level of loans by type that it is willing to make.

MONITORING

The Council shall monitor its investments, their ongoing suitability and their performance no less frequently than quarterly.

The Town Clerk and Responsible Financial Officer may monitor Council's investments, their ongoing suitability and their performance more frequently, and promptly raise any matters requiring Council's attention. The Town Clerk and Responsible Financial Officer shall employ all diligence and care in protecting Council's investments against sudden or unforeseen risks in accordance with the governance arrangements laid out by this strategy.

The Council shall review all investments, their ongoing suitability and their performance with prior to the end of the financial year to inform the following year's annual investment strategy.

CAPACITY, SKILLS AND INVESTING CULTURE

The Council takes seriously its responsibilities to thoroughly consider its internal capacity and skills both among its elected membership, its section 151 officer and other officers, and ensures that it takes suitable steps to protect and responsibly invest public money.

- **Informed Decision Making**: In line with this strategy's governance, any investment in new funds, financial vehicles or financial instruments must be made by a duly delegated Committee. Committee decisions on investments must be informed by a proposal paper individually and thoroughly outlining the considerations the Committee requires to make an informed decision. Where required, Council shall call on the expertise of qualified treasury management advisers to support its informed decision-making.

- **Strategic Objectives and Risk Profile Assessment**: Strategic objectives and risk profile assessment shall be included within the proposal papers for any investment in new funds, financial vehicles or financial instruments.

- **Decision Quantum and Risk Exposure**: The quantum of investment decisions and the relationship thereof to Council's overall risk exposure shall be contained within the proposal papers for any investment in new funds, financial vehicles or financial instruments.

TREASRUY MANAGEMENT ADVISERS

The Council embraces that there are functions, for which obtaining qualified and professional advice and support is prudent.

The Council does not currently engage treasury management advisers and primarily considers sector-specific management firms.

- The Council shall openly consider its requirements when exploring any investment in new funds, financial vehicles or financial instruments and engage treasury management advisers and report when does so accordingly.

RISK ASSESSMENT AND MANAGEMENT

The Council is committed to upholding its fiduciary responsibilities and embraces that risk assessment and management are core elements of this.

The Council shall make its investments in:

- Investment management firms deemed of high credit quality as determined by a credit rating agency identified by Welsh Government Statutory Guidance.

- Other financial investments made shall entail a detailed risk assessment and monitoring strategy within the proposal papers for any investment in new funds, financial vehicles or financial instruments.

REVIEW

This strategy belongs to Tenby Town Council and is overseen by Full Council.

This strategy was adopted on **10 November 2026** and shall be annually. This strategy shall next be reviewed on **09 March 2027**.

This strategy may be reviewed more frequently in the event of relevant legislative change, or in line with Council's Standing Orders and Financial Regulations.

CHANGES

No changes have been made to this strategy since its adoption.