



Lewes  
Town  
Council

# Annual Investment Strategy

<b>Adoption date</b>	7 March 2024
<b>Policy Maker</b>	Town Clerk
<b>Responsibility</b>	Finance Committee
<b>Review Cycle</b>	Yearly

## **1. Introduction**

1.1 Lewes Town Council acknowledges the importance of prudently investing the surplus funds held on behalf of the community taking into consideration the ethical credentials of investments.

1.2 This Strategy complies with the requirements set out in:

- The Ministry for Housing, Communities and Local Government Guidance on Local Government Investments
- Section 15(1)(a) of the Local Government Act 2003
- Guidance within Governance and Accountability for Local Councils Practitioners Guide

1.3 The definition of an investment covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate an income; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

1.4 The Council currently has £450,000 of investments in Natwest Treasury Reserve Deposit.

## **2. Investment objectives**

2.1 In accordance with Section 15(1) of the 2003 Act, Lewes Town Council will have regard:

- (a) to such guidance as the Secretary of State may issue, and
- (b) to such other guidance as the Secretary of State may by regulations specify.

2.2 The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The Council will therefore aim to achieve the optimum return on its investments with appropriate levels of security and liquidity, whilst adopting an ethical approach.

2.3 The Council investment priorities therefore are, in order of importance:

- The security of its reserves
- The adequate liquidity of its investments
- The return (yield) on investments

2.4 All investments will be made in sterling.

2.5 The Department for Communities and Local Government maintains that borrowing of monies purely to invest, or to lend and make a return, is unlawful and this Council will not engage in such activity.

2.6 Investments in pooled funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term money market funds offering same-day liquidity and very low or no volatility provide an alternative to instant-access bank accounts.

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

### **3 Specified investments**

3.1 Specified Investment 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/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 or AA rated public sector deposit/investment funds.

3.3 The Council's current investments are with:

- National Westminster Bank PLC – current account
- Unity Trust – current account

### **4. Non-specified investments**

4.1 Any investment not meeting the definition of a specified investment is classed as non-specified.

4.2 Non-specified investments will therefore be limited to long-term investments i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies or schemes not meeting the definition on high credit quality. These investments have greater potential risk – examples include investment in the money market, stock and shares.

4.3 Capital growth of the fund should be considered and aim to be equal to RPI whilst being consistent with other priorities.

### **5. Non-financial investments**

5.1 As defined in 1.3 of this strategy, non-financial investments are held by the authority to generate an income. It will normally have a physical asset that can be realised to recoup the capital invested.

5.2 The Council will consider whether the asset retains sufficient value to provide security of investment using the fair value model in IAS40: Investment Property as adapted by proper practices.

5.3 The Council currently owns the following investment properties:

- Lewes Town Hall
- All Saints Centre
- Malling Community Centre

## **6. Liquidities of investments**

6.1 The Responsible Finance Officer using cash flow forecasts, will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity and borrow on unfavourable terms to meet financial commitments.

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. End of year investment report**

7.1 Investment forecasts for the coming financial year are accounted for when budgets are prepared.

7.2 At the end of the financial year the Responsible Financial Officer shall report on investment activity to the Finance Committee

## **8. Review and amendment of regulations**

8.1 This strategy will be reviewed annually.

8.2 The Annual Strategy for the coming financial year will be prepared by the Responsible Financial Officer and presented for approval at a Finance Committee Meeting.

8.3 Lewes Town Council reserves the right to make variations to the Strategy at any time, subject to the approval of the Finance Committee. Any variations will be made available to the public.

## **9. Treasury management advice**

9.1 Treasury Management advice would typically come from either:

- The principal local authority
- Treasury management advisory firms who specialise in local authority and local town and parish councils
- Other local independent financial advisors with expertise in advising business and individuals with significant cash sums to manage and invest

9.2 Lewes Town Council does not currently have external management advisors. This will be reviewed during the year to consider appointing advisors to invest future funds received and advise on investment limits to be set for different classes and any other criteria to meet the Town Council's investment objectives.