



# Leigh-on-Sea Town Council

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Chairman: Cllr Valerie Morgan

Vice Chairman: Cllr Jill Healey

Town Clerk: Helen Symmons



## Leigh-on-Sea Town Council Investment Strategy 2018-2022

Adopted: May 2018

Review date: May 2022

1. Leigh-on-Sea Town Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

This strategy has been prepared in accordance with the statutory Guidance on Local Government Investments (3<sup>rd</sup> Edition) ('the Guidance'), issued under section 15(1)(a) of the Local Government Act 2003, effective for financial years commencing on or after 1st April 2018.

The Guidance states:

- a) it applies to parish councils and charter trustees, providing their total investments exceed or are expected to exceed £100,000 at any time during the financial year.
- b) Where a Town or Parish Council expects its total investments to be between £10,000 and £100,000, it is encouraged to adopt the principles in this guidance.

The Council does expect its investments during the 2018-19 financial year to exceed £100,000.

### 2. Investment Objectives

The Council's investment priorities are: 1) the security of its reserves; 2) the liquidity of its investments; and 3) return. The Council will aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. All investments will be made in sterling and, as a minimum, surplus funds will be aggregated in an interest-bearing bank account. 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.

### 3. Security of Investments

Government guidance differentiates between specified investments and non-specified investments.

#### 3.1 Specified Investments

Specified investments are those offering high security and high liquidity with a maturity of no more than one year. In addition, short-term sterling investments must be with bodies/institutions with "high credit ratings". For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council could use:

- UK banks and UK building societies;
- Public Bodies (including Local Authorities and Police Authorities);
- UK FCA regulated qualifying money market funds with a triple A rating.

#### 3.2 Non-specified investments

Non-specified investments are usually for longer periods (i.e. more than one year) and with bodies that are not highly credit-rated. No non-specified investments are included in the Investment Strategy for this Council as these investments are not acceptable due to their higher potential risk.

#### **4. Liquidity of Investments**

The Responsible Finance Officer in consultation with either Policy & Resources (P&R) Committee or Full Council (as applicable) will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

#### **5. Long Term Investments**

Long term investments shall be defined as greater than one year. The Council will use the same criteria for assessing long term investment as identified above for specified investments. The Council does not currently hold any long-term investments.

#### **6. Risk Assessment**

The Council's reserves are covered by the Financial Services Compensation Scheme up to £85,000 and must therefore be carefully managed to mitigate the risk of losses. The Council will only invest in institutions of "high credit quality" as set out in section 3.1 of this strategy.

The Council will monitor the risk of loss on investments by reference to credit ratings. The Council should aim for ratings equivalent to the Fitch F1 rating for short-term investments or Fitch A- for long term investments. The Council will also have regard for the general economic and political environment in which institutions operate. The investment position will be reviewed quarterly by the Responsible Financial Officer and reported to the Policy & Resources Committee (or Full Council).

The Council does not employ, in-house or externally, any financial advisors but will rely on information which is publicly available.

#### **7. Investment Approval**

The Council has the delegated authority to consider and make any short-term investments (maximum of twelve months), in accordance with the Investment Strategy, subject to the prior recommendation of the investment provider by the P&R Committee. All resolutions relating to investments will be noted in the minutes of the P&R Committee meetings that are circulated to all councillors.

#### **8. Investment Reports**

The Responsible Finance Officer will prepare a report on investment activity for each P&R Committee meeting. The report will be circulated to all councillors with the agenda and papers for the P&R Committee meeting.

#### **9. Review and Amendment of Regulations**

The Investment Strategy will be reviewed every 4 years or subject to a change in statutory guidance. The Strategy for the coming financial year will be prepared and reviewed by the P&R Committee which will then make a recommendation to the Full Council. 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.

The Council has for some years invested its reserves in the CCLA Public Sector Deposit Fund, a UK FCA Qualifying Money Market Fund managed by CCLA that offers the substantial benefits of cooperation between public sector bodies. The main objective of this fund is to maximise current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high quality sterling denominated deposits and instruments. The Fund is AAmmf rated by Fitch Ratings. It offers instant access to deposit and withdraw funds and as such it meets the requirements of the Council's Investment Strategy.