

Littlehampton Town Council
Annual Investment Strategy 2023 to 2024

1. The Town Council has had regard to the Ministry of Housing, Communities and Local Government Guidance on Local Government Investments and the Chartered Institute of Public Finance and Accountancy Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes.

2. This Annual Investment Strategy states which investments the Council may use for prudent management of its treasury balances during the financial year.

3. Investment Objectives

3.1. All investments will be in sterling.

3.2. The general public policy objective for this Council is the prudent investment of its treasury balances.

3.3. The Council's investment priorities are the security of reserves and liquidity of its investments.

3.4. The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

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

4. Investment balances, Liquidity of Investments

4.1. Based on its cashflow forecasts, the Council anticipates its fund balances in the financial year 2023 to 2024 will be up to £500,000. This takes into consideration expenditure and commitments from the Capital Receipts Reserve – such as new Community Centres – and the Converted Capital Receipt, and planned expenditure on proposed projects and initiatives. Accounts are being drawn on to fund the new K2 Community Centre whilst the planning phase takes place for the North Littlehampton Centre. There are two accounts totalling £1,250,000 on 95-day notice which will need to be released to fund latter phases of the K2 project.

4.2. The Council has considered the current level of balances and estimated levels over the next three years coupled with the need for liquidity, its spend commitments and provision for contingencies. The Council has determined that investments may be made for longer than one year but only in Charities, Churches and Local Authorities' Local Authority Property Fund and only balances that will not be needed for at least five years.

4.3. In order to maintain sufficient security and liquidity the Council will manage any surplus funds mainly through their Lloyds Business Instant Access Savings Account and Lloyds Treasury Accounts which provide a secure rate of interest. At the discretion of the Responsible Financial Officer, in consultation with the Town Clerk, deposits in Charities, Churches and Local Authorities' Public Sector Deposit Fund and other United Kingdom banks with a minimum long-term Moody's rating of "A", may be used if offering a higher rate of interest.

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5. Investment Defined as Capital Expenditure

- 5.1. The acquisition of share capital or loan capital in any body corporate is defined as capital expenditure under Section 16(2) of the Local Government Act 2003. Such investment will have to be funded out of capital or revenue resources and will be classed as 'non specified investments'.
- 5.2. A loan or grant by this Council to another body for capital expenditure by that body is also deemed by regulation to be deemed capital expenditure by this Council. It is therefore important for this Council to clearly identify if the loan has been made for policy reasons – e.g. to the registered social landlord for the construction or improvement of dwellings – or if it an investment for treasury management purposes. The latter will be governed by the framework set by the Council for 'specified' and 'non specified' investments.
- 5.3. It is not envisaged that any new major investments of a capital expenditure nature will be entered into during 2023 to 2024. Dependent on timescale, there may be some minimal investment required for consultation services for the North Littlehampton Centre. Investment in the Local Authority Property Fund is not classed as capital expenditure.

6. Provision for credit related losses

- 6.1. If any of the Council's investments appear at risk of loss due to default – i.e. a credit related loss, and not one resulting from a fall in price due to movements in interest rates, the Council will make revenue provision of an appropriate amount.

7. Investment strategy to be followed in house

- 7.1. To retain not less than one month's average working capital requirement in current and instant access accounts giving immediate access.
- 7.2. Amounts representing the balance on Capital Receipts Reserve at the beginning of the financial year to be placed on deposit of up to one year's duration depending on the prevailing interest rates.
- 7.3. Any other funds may be placed on deposit of up to one year's duration depending on the prevailing interest rates and forecast cashflow requirements.
- 7.4. Funds may be placed for more than one year in the Charities, Churches and Local Authorities Local Authority Property Fund, depending on cash flow requirements, up to a maximum of £2,000,000.

8. End of year investment report

- 8.1. During the budget process the Responsible Financial Officer will report on investment forecasts.
- 8.2. At the end of the financial year, the Responsible Financial Officer will prepare a report on investment activity.