



Lowestoft Town Council

Investment Policy and Strategy

1.0 Introduction

- 1.1 Lowestoft Town Council acknowledges the importance of prudently investing any temporary surplus funds held by the Council.
- 1.2 In preparing the Investment Policy and Strategy the Council is required under Section 15(1) of the Local Government Act 2003 to have regard to such Guidance as the Secretary of State may issue.
- 1.3 The current statutory Investments Guidance Note is the 3rd edition and is appended to this document.
- 1.4 The Guidance Note makes the distinction between investments that are:
 - a) high security and high liquidity (specified investments);
 - b) loans; and
 - c) those with potentially greater risks and lower liquidity (non-specified investments)
- 1.5 A 'specified investment' is one which is made in sterling, is not long term (less than 12 months), not defined as capital expenditure and is placed with a body which has a high credit rating or made with the UK Government, a UK Local Authority or a Parish or Community Council. Any other type of investment is considered 'Non-Specified Investment' to which there can be greater risk and where professional investment advice might be sought.
- 1.6 This Investment Policy and Strategy is prepared with regard to the appended guidance.

2.0 Investment Objectives

- 2.1 The Council's priorities will be on the security of reserves (protecting the capital sum from loss) and then the liquidity of its investments (keeping cash readily available for expenditure when needed).
- 2.2 All investments will be made in Sterling.
- 2.3 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 that the Council will not engage in such activity.
- 2.4 If external investment managers are used, they will be contractually required to comply with the policy.
- 2.5 The Council has declared a climate and ecological emergency and health emergency and pledged Lowestoft as an Earth Protector Town. The Council recognises the value of investing in a way that does not harm and, where reasonably possible, improves the environment and health (this is likely to have linked financial benefits) and will apply due weight to these matters when making investment decisions. The Council recognises that there are limitations on the extent to which it can make Environmental, Social and Governance comparisons and assessments, not least owing to:
 - 2.5.1 Multiple and diverse sustainability frameworks and standards including on sustainability disclosure
 - 2.5.2 The lack of common definition of sustainable activities
 - 2.5.3 Greenwashing (a difficulty establishing the depth of claimed green credentials)
 - 2.5.4 The lack of clear data and information on aspects of public health.

3.0 Specified Investments

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- 3.1 Specified Investments are, by definition in the Guidance Notes, those offering high security and high liquidity, made in sterling and with a maturity date no longer than a year. Such short-term investments made with the UK Government or a Local Authority to Town/Parish Councils will automatically be Specified Investments, as will those with bodies or investment schemes of “high credit quality”.
- 3.2 For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, the Council will use:
- a) deposits with UK banks, UK building societies, UK local authorities or other UK public authorities; and
 - b) the Debt Management Office of HM Government
 - c) CCLA

The Council initially held investments with the UK Governments Debt Management Office (DMO) and its day-to-day banking arrangements will be undertaken by Unity Trust Bank Plc. Subsequent balances will continue to be prudently invested in organisations falling within the above categories.

4.0 Non-Specified Investments

- 4.1 These investments have greater potential risk – examples include investment in the money market, permanent interest-bearing shares from building societies and corporate stocks and shares. ***Given the unpredictability and uncertainties surrounding such investments, the Council will not use this type of investment.***

5.0 Liquidity of Investments

- 5.1 Subject to retaining no less than three months’ average working capital requirement in the current and deposit facilities giving immediate access, the Council’s Responsible Financial Officer, will determine the amounts and maximum period for which funds may be prudently invested, in accordance with paragraph 3 above, so as not to compromise liquidity.
- 5.2 The placement of surplus funds shall be delegated to the Responsible Financial Officer, such delegated authority will be confirmed at the Annual Council Meeting each year.
- 5.3 All delegations under this paragraph are subject to the safeguard arrangements in place within the Council’s Financial Regulations, including payment signatory authorisations, reconciliations and reporting to Council, as appropriate.
- 5.4 Credit Ratings will be monitored at regular intervals. If the credit ratings fall during that period, the Town Clerk, in consultation with the Chair of the Finance and Governance Committee, will decide on the appropriate action.

6.0 Long Term Investments

- 6.1 Long term investments are defined in the Guidance Notes as greater than 12 months and it requires that, should any Council wish to invest for periods greater than 12 months, it must identify procedures for monitoring, assessing and mitigating the risk of loss of invested sums.
- The Town Council does not currently hold any funds in long-term investments. An instant-access savings account is currently used. Long-term investments are envisaged but have to be carefully considered to take account of cash-flow and borrowing needs within the investment period.***

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7.0 End of Year Report

- 7.1 Investment forecast for the coming financial year will be included in the Council's budget preparation. At the end of the financial year, the Responsible Finance Officer will report on investment activity to the Finance and Governance Committee.
- 7.2 The Investment Policy & Strategy will be reviewed annually by the Finance and Governance Committee and approved by Full Council before the commencement of a new financial year.
- 7.3 Council will be able to amend or make variations to the Investment Policy and Strategy at any time.

8.0 Freedom of Information

- 8.1 In accordance with the Freedom of Information Act 2000 this document will be posted on the Council's website

STATUTORY GUIDANCE ON LOCAL GOVERNMENT INVESTMENTS -

[Guidance on local government investments.pdf](#)

Revisions	
Date	Amendment
February 2021	Added point 2.5 – effect of the Council's climate and health emergency declarations
February 2021	At point 3.2b added that <i>Subsequent balances will continue to be prudently invested in organisations falling within the above categories.</i>
February 2021	At point 6.1 added that <i>An instant-access savings account is used and long-term investments are envisaged for the financial year 2020 and beyond and have been carefully considered to take account of cash-flow and borrowing needs within the investment period.</i>
April 2023	At point 2.5 added reference to the Earth Protector Town declaration
November 2025	- Added 3.2c – CCLA - Removed reference to Town Clerk being the Responsible Finance Officer to reflect that these roles are now separate - Appendix removed