

Broadstairs and St Peter's Town Council

ANNUAL INVESTMENT STRATEGY 2024-25

Approved by F&GP Committee 27 February 2023 minute 74
Reviewed and approved by Council 22 April 2024 minute 400

Introduction:

Broadstairs and St Peter's Town Council (The Council) acknowledges and accepts the importance of prudently investing all funds held on behalf of the community by the Council.

The Council's Investment Strategy complies with the revised requirements set out in the Statutory Guidance on Local Government Investments (third edition) issued by the Department of Communities and Local Government in April 2018 (see attached.)

Investments under £10,000 are not subject to the Guidance but for investments between £10,000 and £500,000 the Council is required to make a formal decision on the extent to which it would be reasonable to adopt the Guidance either in part or in full. When making investments over £500,000, the Council is required to adopt the Guidance in full and to put an investment strategy into place.

Strategy:

The Council has adopted the Secretary of State's guidance in full.

In accordance with Section 15(1) of the Local Government Act 2003, the Council will, therefore, 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.

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

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.

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 this activity.

The Council will monitor the risk of loss on investments by periodically reviewing credit ratings. If an external investment manager is used, he / she will be contractually required to comply with the Strategy.

The Council's Responsible Financial Officer will attend the KALC annual finance conference in order to remain up to date with financial regulations and requirements.

Specified Investments:

Specified Investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than 12 months. Such short-term investments made with a body or investment scheme of high quality (including the UK Government or a local authority) will automatically be Specified Investments.

For the prudent management of its funds, maintaining sufficient levels of security and liquidity, the Council will use:

Deposits with banks, building societies, UK Government or local authorities.

Non-Specified Investments:

These investments have greater potential risk – examples include investment in the money market, stocks and shares – and professional investment advice may be required.

Liquidity Investments:

The Responsible Financial Officer and the Finance & General Purposes Committee will determine the maximum periods for which funds may prudently be committed so as not to compromise liquidity.

Long Term Investments:

All investments by local councils, other than in interest bearing bank and building society accounts, must be identified as long-term investment and treated as capital expenditure. Investments in longer term funds (in excess of 12 months) are by definition long term investments and, thus, deemed to be capital expenditure. Any investment in longer term funds should not exceed the surplus of cash balances above the Council's annual budgeted expenditure reduced by the annual precept.

The Council currently holds no long term investments.

Capital investments:

The Town Council purchased two community assets in 2018 with the intention of providing long-term capital growth alongside much needed community facilities.

Investment Report:

Investment forecasts for the forthcoming financial year are accounted for when the annual budget is prepared. Investments will be reviewed annually following a report from the Responsible Financial Officer to the Finance Committee.

Review and Amendment of Regulations:

The Council's Investment Strategy will be reviewed annually and at other times as necessary. The Annual Strategy for the financial year will be prepared by the Responsible Financial Officer and presented to the Full Council.

Publication:

The Investment Strategy will be published and available in hard copy and on the Council's website.

2024-25 Investment Plan

The Council has developed a Reserves Policy which was adopted on 26 September 2022 (minute 60ii). At its review in October 2023 the policy identified a total of £1,135,048.88 held in ringfenced funds. This figure was reduced by £216,869.83 over the remainder of the year as funds were transferred into the revenue budget to pay for additional members of staff, the purchase of the electric van and the VAT liability. The Council also holds money for day-to-day running expenses. Together these balances total £1,175,272.51 at 31 March 2024 (once adjusted for unrepresented payments and receipts).

The Council reduces financial risk by spreading its investments over several financial institutions.

Current balances:

Unity Trust	31/03/2024	£371,072.17	
Nat West Business Reserve	31/03/2024	£234,464.50	1.45%
Nat West Current Account	31/03/2024	£25,000.00	
Nationwide Instant Saver	31/03/2024	£304,001.80	4.3%

On the advice of the internal auditor a deposit account with Unity Trust bank was set up in August 2023 and £250,000 was transferred over from the Unity Trust current account in order to benefit from a higher interest rate. (Minute 232).

Unity Trust Instant Access	31/03/2024	£255,335.08	2.75%
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Funds not required for immediate use will be invested in the NatWest Business Reserve Account and the Nationwide Instant Saver Account. Interest rates vary but are competitive with other providers and this spread assists in achieving a greater level of security than using only one bank.

The Finance Committee and the RFO will review the situation on a regular basis as set out above and make recommendations to deal with any changes in circumstances. All recommendations must be approved by Council.

The Council has identified that it will need to access a significant sum of money in 2024-25 as its assessment of its VAT position is finalised and as the completion project (Phase III) of the refurbishment of Pierremont Hall starts. It is therefore not deemed suitable to invest money in any medium to long term investment until the present situation is clear. Likewise it is not anticipated that the use of private sector financial management advisers would benefit the Council at the present time.

The RFO and Chairman of the Finance and General Purposes Committee will attend conferences and training as offered by KALC and other appropriate bodies.