Controlled Document

Title	Investment & Reserves Strategy
Author	Lenham Parish Council
Owner	Lenham Parish Council
Subject	Financial
Government Security Classification	Official
Document Version	Version 1
Created	30/03/2026
Approved By	
Review Date	**April 2027 (and annually thereafter)**

Version Control

Version	Date	Author	Description of Change	Sign
1		**Lenham Parish Council**	**Original Policy**	**L. Westcott**

Lenham Parish Council - Investment and Reserves Strategy

1. **Scope of Responsibility**
   Lenham Parish Council (LPC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

   Section 50 of the Local Government Finance Act 1992 requires that Local Councils have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement.

   Section 12 of the Local Government Act 2003 permits local authorities to invest for any purpose relevant to their functions or for the prudent management of their financial affairs.

2. **Purpose of this Strategy**
   This document explains how LPC looks after its money and sets out the management of its investments and reserves. It ensures that capital money is protected, funds are available when required for approved projects, and a modest return is achieved without undue risk.

   The Council ensures that all funds are allocated, designated, or reserved for identifiable purposes.

3. **Legal and Regulatory Framework**
   This strategy complies with:
   - Accounts and Audit Regulations 2015
   - Statutory Guidance on Local Government Investments (3rd Edition, 2018)
   - NALC Model Financial Regulations (England) 2025
   - Practitioners Guide – latest version

4. **Investment Objectives (SLY Framework)**
   LPC's investment and reserves objectives are:

   a. Security – Protection of the capital sum (highest priority)
   b. Liquidity – Ensuring funds are available when needed
   c. Yield – Achieving a reasonable return without compromising security or liquidity

5. Investment Rules

LPC will adopt a prudent approach to investment and will not place public funds in high-risk investments. Sufficient funds will be retained in instant-access current account to meet operational cash flow requirements.

LPC will primarily use Specified Investments as defined in the statutory guidance. Non-specified investments may be used where LPC considers the risk to be low and the investment appropriate for local authority funds.

Approved counterparties include:

- CCLA Parish Sector Deposit Fund (*LPC recognises that the CCLA Parish Sector Deposit Fund is a non-specified investment but considers it appropriate due to its strong track record and sector-wide use).*
- Unity Trust Bank
- Other high-credit UK banks, building societies and AAA-rated money market funds (diversification limits of no more than 60–75% held with any one institution or investment vehicle)

LPC will not invest in speculative investment products or schemes that could expose public funds to significant capital risk.

6. Reserves

LPC holds a current account with Unity Trust Bank which contains funds received through the precept and income earned during the current financial year. Any surplus/deficit at the end of the current year is transferred to or from the General Reserve Fund.

LPC maintains reserves in three distinct categories to ensure clarity of purpose and financial transparency.

a. **General Reserves**
The General Reserve is held to meet emergency or unplanned expenditure and to manage any temporary cash flow requirements. The General Reserve should normally be maintained at between three and twelve months of routine revenue expenditure (currently around £75,000 – £300,000). A portion of the General Reserve will be retained in the Unity Trust savings account for liquidity purposes, with the remainder held with CCLA.

b. **Earmarked Reserves**
These are allocated funds that have been set aside for specific future projects or purposes (for example: new recreation field, new nursery, cemetery improvements, etc.). These funds are generally held within the CCLA account.

Earmarked Reserves may be accumulated over a period of time to meet known or anticipated liabilities and project costs. Funds will be set aside to reduce the impact of meeting the full expenditure in one year. When establishing an earmarked reserve, LPC will formally record its purpose, target amount (where appropriate), and arrangements for its review and use.

c. **Ring-fenced Reserves**
These are funds that legislation or funding conditions require to be used only for a specific purpose (for example, Community Infrastructure Levy (CIL) income). This is held in the CCLA account.

7. Budgetary Control and Reporting

The RFO will provide monthly bank reconciliations and quarterly budget monitoring reports (this will include monitoring of reserves balances and progress against approved projects) to the Finance & General Purposes Committee. Transfers between institutions and investment decisions will be made in accordance with the Council's Financial Regulations and authorised signatory arrangements.

8. Authorisation

All investments must be approved by Full Council. The Responsible Financial Officer (RFO) will manage investments in accordance with this strategy. The Council will carry out an annual cash flow forecast to determine available funds for investment.

9. Annual Review

The strategy will be reviewed annually by Full Council prior to approval of the Annual Governance and Accountability Return (AGAR). The effectiveness of the controls will be assessed as part of this review.

List of Investments as of 31/03/2026:

Unity Trust Bank (Savings) = £259,115.92 @ 2.10% GROSS
CCLA, Parish Sector Deposit Fund = £1,500,000 @ 3.8 % GROSS