

Congleton Town Council

Investments Strategy

Congleton Town Council has the majority of its General Reserve £150,000 with Cambridge and Counties Bank¹ on a 1 year deposit.

The balance of the Council's Ear marked reserves is with RBS and a Special Interest Bearing account which up until December 2017 was paying 0.4% interest. However this has now dropped to 0.1% with the RBS account manager having no knowledge of this increasing in the near future.

The CCLAs² Public Sector Deposit Fund manages investments for charities, religious organisations and the public sector. They are based in the City of London, with an office in Edinburgh, and have an AAA rating with Fitch Ratings Ltd. It is a UK FCA regulated constant net asset value Qualifying Money Market Fund. The rate changes daily but is currently in the region 0.4%. It is an instant access account, so it would be possible to keep the majority of the Council's funds with CCLA and move it into the RBS current account for bill payments and salaries etc. Our external accountant Derek Kemp from DCK Accounting Solutions whilst not being professionally allowed to recommend investments is comfortable with CCLA and advises many other local councils who invest with them.

¹ Cambridge & Counties Bank is an authorised UK bank which focuses on providing financial products to small and medium sized enterprises (SMEs). We fund our loans using customer deposits. As we do not borrow money from the wholesale markets we do not require a credit rating.

We are owned in equal shares by Trinity Hall, Cambridge, and Cambridgeshire Local Government Pension Fund and regulated by both the Financial Conduct Authority and the Prudential Regulatory Authority. We are a member of the Financial Services Compensation Scheme (FSCS) which protects the deposits of small to medium sized businesses which meet the FSCS criteria; full details of which can be found at www.fscs.org.uk.

Both the management of the Bank and the owners have a conservative approach to risk management and the bank holds levels of capital and liquidity in excess of all regulatory requirements. We see our primary banking responsibility to be to protect our depositors.

² CCLA was established by the LGA and has a 50 year heritage of managing funds for local authorities. Following the introduction of financial services regulation, CCLA (Churches, Charities and Local Authorities) Investment Management Limited was created in 1987 with a shareholding structure that reflected its client base.

More recently, we have launched global equity income, ethical funds and a money market fund for the public sector. We have also provided asset allocation advice and expanded our range of segregated and discretionary portfolio management services.

Suggested Strategy:

1. To keep the General Reserve with Cambridge and Counties Bank – currently £150,000 @ 1.3% maturing in November 2018 = £1,950 annual interest.
2. To invest up to £500,000 of the balance of reserves with CCLA to draw down £100,000 per month as needed for monthly expenditure and replace when the half yearly precept is received. This will give approximately £1,500 annual interest.
3. To retain RBS for the current account and a small balance in the SIBA account.
4. To review if RBS brings any new products on the market with comparable interest rates.