

**CONGLETON TOWN COUNCIL**

**COMMITTEE REPORTS AND UPDATES**

<b>COMMITTEE:</b>	Council		
<b>MEETING DATE AND TIME</b>	10 <sup>th</sup> February 2022 7.00pm	<b>LOCATION</b>	Congleton Town Hall
<b>REPORT FROM</b>	Serena Van Schepdael – Responsible Financial Officer (RFO)		
<b>AGENDA ITEM REPORT TITLE</b>	<b>15 Annual Review of Investment Strategy and Investment Policy 2022/23</b>		
<b>Background</b>	<p>Congleton Town Council is required by the Local Government Act 2003 to prepare an Investment Policy and Strategy taking into account the Community Investments Guidance notes 1<sup>st</sup> April 2010. These policies are contained within the Council's Constitution. The previous Investment Policy and Investment Strategy were approved in January 2021, and it is best practice to review annually.</p> <p>The Council's Investments are:</p> <p style="padding-left: 40px;">£ 150,000 of Ear Marked Reserves are invested with CCLA, which is instant money market access account, current interest rates are 0.168% as at 14<sup>th</sup> January 2022.</p> <p style="padding-left: 40px;">£ 150,000 of General Reserves are invested in Cambridge &amp; Counties at a renewed interest rate of 1.2%, this account is renewed every November, the next renewal deadline is 8<sup>th</sup> November 2022.</p> <p>The remaining balances are kept with Royal Bank and Scotland business accounts.</p> <p>Congleton Town Council's savings with Cambridge and Counties matured on 8th November 2021. The Council was earning a rate of 1.15%. About two weeks before this bond matured, Cambridge and Counties offered a new rate of 1.2%. Comparisons were made with other Investment Companies, and as a result, when this bond matured, the rate offered by Cambridge and Counties was competitive against those offered by other building societies that also meet our other criteria of security and liquidity. With the expectation that interest rates may be more volatile going forward, we need to be given the ability to move more smartly and quickly to take advantage of the best rates on offer from other organisations that also meet our criteria of security and liquidity.</p>		

<p><b>Updates</b></p>	<p><b><u>INVESTMENT POLICY</u></b></p> <p>The updated Investment Policy, Appendix 2, has been updated with the below:</p> <p>Point 4 updated from:</p> <p><i>Two councillor signatories in accordance with the Town Council's bank mandate will be required to open any new accounts but day to day operation of moving money between the accounts will be delegated to the Responsible Financial Officer and Chief Officer.</i></p> <p>To:</p> <p><i>Day to day operation of moving money between the accounts will be delegated to the Responsible Financial Officer and Chief Officer.</i></p> <p>New point 5:</p> <p>Two senior Officers, the Chief Officer and the Responsible Financial Officer, and Three Councillors, the Chair, the Vice Chair and the former Vice Chair from the Finance and Policy Committee to transfer the funds elsewhere at maturity if the institution meets our criteria of security and liquidity, and if possible, a higher rate of interest. They have the authority to move funds from one provider to another as long as all five unanimously agree. Should all five not unanimously agree, the investment should be referred to Council.</p> <p>In the event of either the Chief Officer or the Responsible Financial Officer not being available, the Deputy Chief Officer is hereby given authority to deputise.</p> <p>In the event that any one or more of the three above nominated Councillors is/are not available, another Councillor(s) with voting rights on the Finance and Policy Committee is/are hereby given authority to deputise.</p> <p>The authority vested in just point 5 will automatically lapse on the day the Notice of Poll for the Council elections to Congleton Town Council for May 2023 are published.</p>
<p><b>Information</b></p>	<p>The above update was approved by the Finance and Policy Committee on 27<sup>th</sup> January 2022, reference FAP58/2122.</p> <p>Included with report:</p> <p>Appendix 1 Investment Policy &amp; Appendix 2 Investment Strategy.</p>
<p><b>Decision Requested</b></p>	<ol style="list-style-type: none"> <li>1. To approve the updated Investment Policy and to adopt within the into the Constitution. (Noting that this new point 3.5 automatically lapses on the day the Notice of Poll for the Council elections to Congleton Town Council for May 2023 are published.)</li> <li>2. To note the latest Investment Strategy.</li> </ol>

# Appendix 1

## Congleton Town Council

### Investment Policy

#### **I. Introduction**

Congleton Town Council acknowledges the importance of prudently investing the temporarily surplus funds held on behalf of the community.

In preparing its Investment Policy the Council is required to comply with the guidance notes issued under Section 15 (1) of the Local Government Act 2003. The current statutory Community and Local Government (CLG) Investments Guidance notes came into force on 1<sup>st</sup> April 2010.

Town and Parish Councils with a budget larger than £500,000 are not eligible for compensation under the Financial Services Compensation Scheme (FSCS).

#### **2. Objectives**

The general policy objective of the Council is prudent investment of its balances in line with the widely recognised investment policy expressed as SLY, Security, Liquidity and Yield. The Council's priorities are:

1. Security of its reserves.
2. The Liquidity of its investments.
3. The Yield of its investments.

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

#### **3. Policies**

1. All investments will be made in Sterling
2. No one investment shall be for a period longer than 12 months
3. The Town Council shall invest with banks/building societies or institutions with high credit quality ratings from credit agencies such as Standard and Poors; Moody's Investors Services Ltd and Fitch Ratings Ltd.
4. Day to day operation of moving money between the accounts will be delegated to the Responsible Financial Officer and Chief Officer.
5. Two senior Officers, the Chief Officer and the Responsible Financial Officer, and Three Councillors, the Chair, the Vice Chair and the former Vice Chair from the Finance and Policy Committee to transfer the funds elsewhere at maturity if the institution meets

# Appendix 1

our criteria of security and liquidity, and if possible, a higher rate of interest. They have the authority to move funds from one provider to another as long as all five unanimously agree. Should all five not unanimously agree, the investment should be referred to Council.

In the event of either the Chief Officer or the Responsible Financial Officer not being available, the Deputy Chief Officer is hereby given authority to deputise.

In the event that any one or more of the three above nominated Councillors is/are not available, another Councillor(s) with voting rights on the Finance and Policy Committee is/are hereby given authority to deputise.

The authority vested in just point 5 will automatically lapse on the day the Notice of Poll for the Council elections to Congleton Town Council for May 2023 are published.

# Appendix 2

## Congleton Town Council

### Investment Strategy

Congleton Town Council has £150,000 with Cambridge and Counties Bank<sup>1</sup> on a 1 year deposit. Until 8<sup>th</sup> November 2022 the interest rate for the 1 Year investment is 1.2%.

£150,000 of its Ear Marked Reserves is with CCLA Public Sector Deposit fund. This is an instant access money market account with fluctuating interest rates every day, currently around 0.168%. Although the capital is not at risk of reducing in value, it is possible at a time of very low interest rates, for the interest rate of a CCLA Public Sector Deposit Fund to be negative.

The balance of the council's money is with the Royal Bank of Scotland split between a current account and a business reserve account which currently pays 0.01%.

Suggested Strategy:

1. To keep the General Reserve with Cambridge and Counties Bank – currently £150,000 @ 1.2% maturing in November 2022 expected annual interest is £1800. On maturity in November 2022, for proper consideration to the re-investment decision in accordance with the Council's Investment Policy.
2. To keep £150,000 with CCLA, the volatility of the daily rates of interest earned are demonstrated by the interest rate on 19<sup>th</sup> January 2022 being about five times the interest rate during the month of November 2021. So, currently on an annualised basis, we are earning about £ 250 per annum whereas in November 2021 on an annualised basis we were only earning between £ 50 to £ 60 per annum.

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<sup>1</sup> 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](http://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.

V10 Owner: RFO

Updated 27JAN2021, FAP/58/2122

## Appendix 2

3. To retain RBS for the current account and the remaining balance in the RBS Business Reserve account.