

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

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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.