

CONGLETON TOWN COUNCIL

COMMITTEE REPORTS AND UPDATES

COMMITTEE:	Finance and Policy		
MEETING DATE AND TIME	5 th October 2023 7.00pm	LOCATION	Congleton Town Hall
REPORT FROM	Serena Van Schepdael – Responsible Financial Officer (RFO)		
AGENDA ITEM REPORT TITLE	15 Investment Policy and Strategy Review		
Background	<ul style="list-style-type: none">• The current Investment Policy was approved by Council on 10th February 2022.• The current Investment Strategy was approved at Council on 29th September 2022, which covered the investment period November 2022 to November 2023.• The Policy and Strategy is to be reviewed and updated if required on an annual basis ready for the December renewal of the Yearly Bond we hold with Cambridge and County.• The Council hold a Bond with Cambridge and Counties (C&C) and a Public Sector Deposit Fund with CCLA.• By holding funds over 3 separate entities it ensures that funds would remain available should any of the banks/companies go into financial difficulties. By moving funds about between CCLA and RBS this also enables The Council to gain the best possible interest income available for the investments.		
Updates	Policy Updates: (Appendix 15.1) <ul style="list-style-type: none">• Introduction<ul style="list-style-type: none">○ Corrected the date that the Statutory Guidance was updated and provided a link to the document.• Policies<ul style="list-style-type: none">○ Added 1 (Removed current section 5)○ Corrected £ to € in accordance with the regulation (NALC FSCS)○ 4: Updated to state <u>only</u> invest○ 5: Updated to make it clearer that RFO/CO handle current investments only○ Added: 6○ Added: 7○ Added: 8○ Removed original 5 and replaced with new section 1. (As RFO I feel all new investments should be approved by Council due to the amount of funds being invested and this will also provide full transparency of movement of the Councils money)		

	<p>Strategy Updates: (Appendix 15.2) Updated with current information. The strategy ties in with the dates that the C&C Bond matures.</p>
<p>Further Information</p>	<p>The C&C Bond is due to mature on 8th December 2023, renewal documents will be received in November, current interest being offered in the 1 Year bond is 5%, which would mean potential interest income of £12,500 based on reinvesting the £250,000. 1 year fixed rate business and charity bond Savings (ccbank.co.uk)</p> <p>CCLA current rates are approximately 5%, but important to note that these fluctuate daily.</p> <p>RBS interest rate on the Reserve Account is currently 1.45%.</p> <p>The recommendations in the Strategy area:</p> <ul style="list-style-type: none"> ○ To continue to have a maximum of £400,000 in RBS. ○ To continue to use CCLA as a sweeper account. ○ Renew the 1 Year Bond with Cambridge & County on 9th December 2023 (update on interest rates for this account will be proved on 23rd November 2023) ○ Introduce a new One Year Bond with a new bank/investor should funds be available to do so. This would run May to May annually. (The Committee will be updated in March 24 regarding this strategy item)
<p>Decision Requested</p>	<ol style="list-style-type: none"> 1. To approve the updates to the Investment Policy and recommend to Council on 7th December 2023 for approval and adoption into the Constitution. 2. To approve the updated Investment Strategy for 2023-2024 and recommend to Council on 7th December 2023 for approval and adoption into the Constitution.

Congleton Town Council

Investment Policy

1. 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 \(CLG\) Guidance on Local Government Investments](#) Guidance notes came into force in February 2018, this document will be available on our website alongside the policy. [\(Link; Guidance on local government investments.pdf \(publishing.service.gov.uk\) on 1st April 2018.](#)

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. The procedure for undertaking new investments, considering the need for timely and speedy placing of deals shall be documented by the Responsible Finance Officer and approved by the Finance and Policy Committee and then by Council before any investments are placed.

~~1-2.~~ All investments will be made in Sterling

~~2-3.~~ No one investment shall be for a period longer than 12 months

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~~3.4.~~ The Town Council shall only 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.

~~5.~~ Day to day operation of current investments already approved by Finance and Policy and Council moving money between the accounts will be delegated to the Responsible Financial Officer and Chief ~~Officer~~Officer, who will provide regular updates to the Finance and Policy committee.

~~6.~~ Council will be provided with an update on the annual Investment Strategy and investment accounts and balances once approved by Finance and Policy.

~~7.~~ Any revisions to this policy shall be approved by the Full Council.

~~8.~~ The Finance Committee shall review this policy annually and recommend any proposed changes to Full Council prior to the commencement of the new investment year. Where no changes are proposed, Full Council shall note the policy.

~~4.~~

~~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 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.

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Congleton Town Council

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Investment Strategy

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9th December 2023 to 8th December 2024

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RBS Business Reserve

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To keep the balance in RBS Current & reserve accounts to a maximum of £400,000. Balance over this will be transferred on a monthly basis to the CCLA Instant Access Money Market Account. Should the balance go below £400,000 funds will be transferred from CCLA to RBS. Transfers will be delegated to the RFO, or in the absence by the Chief Officer or Deputy Chief Officer and signed in accordance with our Financial Regulations for Bank Payments.

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Cambridge & Counties

Congleton Town Council has ~~£250,000~~ ~~150,000~~ with Cambridge and Counties Bank[†] on a 1 year deposit. Until 8th December 2023~~32~~ the interest rate for the 1 Year investment is ~~3.8%~~ ~~1.2%~~. On renewal on 9th December 2023, the balance of £250,000 will be retained. ~~8th November 2022 this will increase to £250,000.~~ The monies invested in this account are tied in for the year.

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CCLA

~~Within the balance of the CCLA Public Sector Deposit Account, The Council keep £150,000 of its Ear Marked Reserves, is with CCLA Public Sector Deposit fund. due to this the CCLA account should hold a minimum of £150,000.~~ This is an instant access money market account with fluctuating interest rates every day. 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. As from 8th November 2022 this account ~~is will be~~ used as a sweeper account for the balance of funds over £400,000 in the RBS Current and Reserve accounts.

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Suggested Strategy:

- 1. To limit the balance of RBS Current and Reserve account to a maximum of £400,000.

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[†] 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.

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2. To retain the balance of £250,000-increase in Cambridge and Counties 1 year account to £250,000 on 8th December 8th November 2023.

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3. To use the CCLA instant access money account as a sweeper account until 8th December 2024.. from 8th November 2022 To hold a minimum of £150,000 in this account.

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~~3.4.~~ To introduce a new 1 year Bond which will run May to May annually, this account to be reviewed annually dependant on interest rates. Once an account has been sourced approval to open will be required from Full Council.

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1 Cambridge and Counties information:

About us | Our story | Cambridge & Counties Bank (ccbank.co.uk)

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2 CCLA information

Our philosophy | CCLA

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