

## **CONGLETON TOWN COUNCIL**

### **COMMITTEE REPORTS AND UPDATES**

<b>COMMITTEE:</b>	Finance and Policy		
<b>MEETING DATE AND TIME</b>	19 <sup>th</sup> September 2024 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>20 Investment Policy and Strategy Review</b>		
<b>Background</b>	<ul style="list-style-type: none"><li>• The current Investment Policy was approved by Council on 7<sup>th</sup> December 2023.</li><li>• The current Investment Strategy was approved at Council on 7<sup>th</sup> December 2023, which covered the investment period December 20023 to December 2024.</li><li>• 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.</li><li>• The Council hold a Bond with Cambridge and Counties (C&amp;C) and a Public Sector Deposit Fund with CCLA.</li><li>• 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.</li></ul>		
<b>Update</b>	<b>Policy- Appendix 1</b> <ul style="list-style-type: none"><li>• No updates recommended to the current Policy. Includes the updated from 2023 to assess the ethical and environmental credentials.</li><li>•</li></ul> <b>Strategy Updates- Appendix 2</b> <ul style="list-style-type: none"><li>• Removed item 4 replaced with new wording.</li></ul>		
<b>Details</b>	<p>The C&amp;C Bond is due to mature on 8<sup>th</sup> December 2024, renewal documents will be received in November, current interest being offered in the 1 Year bond is 5.1%, which would mean potential interest income of approximately £13,000 based on reinvesting the £250,000.</p> <p><a href="#">1 year fixed rate business bond online   Savings (ccbank.co.uk)</a></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 1.46%. This is reducing to 1.35% from 16<sup>th</sup> October 2024.</p>
<b>Financial</b>	Dependant on interest rates, investments will create variable income for the Council.
<b>Environmental</b>	<p>Any new investment companies will have the Environmental Credentials checked/ Current policies for CCLA and C&amp;C are shown here:</p> <p>CCLA <a href="https://ccla.co.uk">download (ccla.co.uk)</a></p> <p>C&amp;C <a href="https://ccbank.co.uk">Environmental, social and governance   Cambridge &amp; Counties Bank (ccbank.co.uk)</a></p>
<b>Equality and Diversity</b>	<p>As above.</p> <p>CCLA <a href="https://ccla.co.uk">download (ccla.co.uk)</a></p> <p>C&amp;C <a href="https://ccbank.co.uk">Our commitments   About us   Cambridge &amp; Counties Bank (ccbank.co.uk)</a></p>
<b>Decision Request</b>	<ol style="list-style-type: none"> <li>1) To approve the updates to the Investment Policy and recommend to Council for approval and adoption into the Constitution.</li> <li>2) To approve the updated Investment Strategy for 2024-2025 and recommend to Council for approval and adoption into the Constitution.</li> <li>3) To approve the renewal and reinvestment for 12 months of the Cambridge &amp; Counties 1 year Investment Bond and to recommend this to Council on 3<sup>rd</sup> October 2024 for Approval.</li> </ol>

# **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 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 \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/guidance/2018-02-01-guidance-on-local-government-investments)) 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.
2. All investments will be made in Sterling
3. No one investment shall be for a period longer than 12 months
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 will be delegated to the Responsible Financial Officer and Chief 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. To assess the ethical and environmental credentials of possible investment companies.
9. 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.

## **Congleton Town Council**

### **Investment Strategy**

#### **9<sup>th</sup> December 2024 to 8<sup>th</sup> December 2025**

##### **RBS Business Reserve**

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.

##### **Cambridge & Counties**

Congleton Town Council has £250,000 with Cambridge and Counties Bank<sup>1</sup> on a 1 year deposit. Until 8<sup>th</sup> December 2024 the interest rate for the 1 Year investment is 5.2%. On renewal on 9<sup>th</sup> December 2024, the balance of £250,000 will be retained. The monies invested in this account are tied in for the year and cannot be accessed.

##### **CCLA**

Within the balance of the CCLA Public Sector Deposit Account, The Council keep £150,000 of its Ear Marked Reserves, 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 8<sup>th</sup> November 2022 this account is used as a sweeper account for the balance of funds over £400,000 in the RBS Current and Reserve accounts.

##### **Suggested Strategy:**

1. To limit the balance of RBS Current and Reserve account to a maximum of £400,000.
2. To retain the balance of £250,000 in Cambridge and Counties 1 year account to £250,000 on 8<sup>th</sup> December 2024.
3. To use the CCLA instant access money account as a sweeper account until 8<sup>th</sup> December 2024.. To hold a minimum of £150,000 in this account.

To consider adding a new investment which would run May to May should funds be available. Council to approve any new investments.

1 Cambridge and Counties information:

[About us | Our story | Cambridge & Counties Bank \(ccbank.co.uk\)](#)

2 CCLA information

[Our philosophy | CCLA](#)