

Calne Without Parish Council Finance Committee

16<sup>th</sup> September 2020

Agenda Item 5

## **Investment Strategy Review**

### **1 Introduction**

Following a discussion about possible debit or credit card to allow the Council to make internet purchases the Finance Committee asked the Clerk as part of the Investment Strategy review to look again at the Savings Accounts used by the Council.

The Parish Council Investment Strategy is attached at Appendix 1. The Council's current strategy is to deposit funds in savings accounts to allow easy access to funds and to stay below the FSCS guarantee limit of £85,000.

The Council currently holds funds with  
Lloyds Bank in treasurers and 32-day savings account  
Unity Trust Bank in an instant access savings account  
Nationwide Building Society in a 125-day savings account

Withdrawals from the Unity Trust Account cost the Council £28.00 per transaction and now that the interest rate gained on the account has dropped to 0%, Councillors asked the Clerk to investigate other savings account options as part of the review of the Council's Investment Strategy.

### **2 Possible Savings Accounts**

#### **2.1 High Street Banks**

Many of the high street bank provide banking for Parish Councils however the savings accounts all require the Council to also hold a current account. The Clerk did not see that there was anything to gain to the Council from changing current accounts from Lloyds and therefore has not continued this line of enquiry.

#### **2.2 Building Societies**

Nationwide

<https://www.nationwidecommercial.co.uk/business-savings/instant-saver>

The Council could also open an instant access saver account with Nationwide, interest rate up to 0.05% AER but the amount that could be deposited will be limited to £26,000 by the FSCS guarantee level of £85,000.

Skipton Building Society

<https://www.skipton.co.uk/savings/easy-access/clubs-and-charities-account>

Community Saver Issue 5 has an interest rate of between 0.15% and 0.4% depending on the amount deposited and appears to allow a Parish Council to hold the account.

Bath Building Society

<https://www.bathbuildingsociety.co.uk/savings/business-and-professional-accounts/business-savings-accounts/business-instant>

Instant Access account pays interest at 0.05% AER and is available to non profit organisations.

2.3 Public Sector Deposit Fund CCLA

<https://www.ccla.co.uk/investment-solutions/fund/the-public-sector-deposit-fund>

This fund allows Local authority deposits but in the Clerks view does not offer the security and liquidity that the Council has stated it requires.

### **3 Debit or Credit Card options**

The card options available to the Council are limited and the Council will need to apply to see if it is accepted. The number of Card payments that need to be made at present are limited the Committee will need to consider if it wishes to recommend to the Council that this is pursued. The Council is more likely to be able to obtain a debit card than any other and this would have to be from Lloyds Bank. The Committee must decide if the risk of using a debit card on the internet is acceptable. The Clerk is waiting for information back from Lloyds as to the availability of the debit card with the Treasurers Account.

Pre-paid Credit cards could be an option but are not accepted for all internet purchases particularly where credit checks and authentication are required.

#### **Recommendations**

- 1. If the Committee wishes to recommend that the Council move away from the Unity Trust Bank, then the best accounts available appear to be the Nationwide and Bath Building Society accounts which have confirmed that a Parish Council would be accepted.**
- 2. The Committee to decide if the Council should be advised to consider applying for a debit or pre-paid credit card.**

## **Calne Without Parish Council Investment Strategy 2020/21**

### **Introduction**

Calne Without Parish Council acknowledges the importance of prudently investing the temporary surplus funds held on behalf of the community as part of its fiduciary duty. This Strategy complies with the revised requirements set out in the Department of Communities and Local Government Guidance on Local Government Investments and takes into account Section 15(1)(a) of the Local Government Act 2003 and guidance within Governance and Accountability for Local Councils Practitioner's Guide 2018.

The Local Government Act 2003 states that a local authority may invest:

- For any purpose relevant to its functions under any enactment.
- For the purpose of prudent management of its financial affairs.

The Council defines its treasury management activities as “the management of the Council’s cash flows, its banking and money market transactions, the effective control of the risks associated with those activities, and the pursuit of best value performance consistent with those risks.”

### **Objectives**

The following are the objectives for the Investment Strategy:

- Security of reserves
- Adequate liquidity of investments to allow the Parish Council to deliver and react to opportunities to fund Community projects.
- Return on the investment will be optimised commensurate with the proper levels of security and liquidity.
- All investments will be made in Sterling
- The Council will not borrow money purely to invest or lend
- The Council will monitor the risk of loss on investments by review of credit ratings. The Council will only invest in institutions with high credit quality based on the information from credit rating agencies.
- Investments will be spread over different providers where appropriate to minimise risk.

Specified investments are those offering high security and high liquidity, made in sterling and with a maturity of no more than a year. Such short-term investments made with the UK Government or a local authority or town or parish council will automatically be Specified Investments.

For the prudent management of its treasury balances, maintaining sufficient levels of security and liquidity, Calne Without Parish Council will use:

- Deposits with banks, building societies, local authorities or other public authorities
- Other approved public sector investment funds.

The choice of institution and length of deposit will be at the approval of the Parish Council. The Council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

### **Non-Specified Investment's**

The higher potential risk of these investments, such as stocks and shares are not acceptable to the Parish Council and it shall not use this type of investment.

### **Liquidity**

The Parish Council shall determine the maximum periods for which funds may be invested so as not to compromise liquidity, based on the Council's approved spending plan and in order to be able to respond to requests for funding it is unlikely that it will be appropriate for funds to be inaccessible for a period in excess of 125 days.

The Parish Council does not hold any long-term investments (defined as those greater than 12 months).

### **Investment Strategy for 2020/21**

The Parish Council will invest as much of its balances as possible in low risk products in order to achieve its objectives.

The investments will be split between:

- Lloyds Bank Commercial 32day access account (0.1% AER gross variable).
- Unity Trust Savings Account 0% AER
- Nationwide Building Society 125-day saver account (monthly interest AER/gross variable p.a. 0.5%)

The Parish Council will review and amend the investment strategy annually as a minimum and it will be revised if considered necessary.

The Parish Council will publish the investment Strategy on the Parish Council website [www.calnewwithout-pc.gov.uk](http://www.calnewwithout-pc.gov.uk) and hard copies can be obtained from the Clerk on application.

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