



## RYDE TOWN COUNCIL OFFICER REPORT

<b>Committee:</b>	<b>FINANCE AND COMMUNITY RESOURCES COMMITTEE</b>
<b>Date:</b>	28 <sup>th</sup> February 2023
<b>Report Author:</b>	Tara Bloomfield
<b>Report Title:</b>	Investment Banking
<b>Context:</b>	To approve the change in investment banking for the Council and agree the amount of the initial deposit.

## 1. SUMMARY

The Responsible Financial Officer is requesting approval from the Finance and Community Resources Committee to transfer funds into a new investment account that will increase the interest receivable.

## 2. BACKGROUND INFORMATION

Currently the Council holds £200,000 of reserves in an investment account with Nationwide Building Society achieving interest rates of 2.95%\*. The council only receives the interest on an annual basis.

When undertaking research into current interest rates, it became apparent that we were not maximising the levels of interest rates available by continuing to hold the fund with Nationwide.

### CCLA

CCLA are the UK's largest charity fund manager and are well known for managing investments for charities, religious organisations and the public sector. They work with over 450 local Town and Parish Councils, 100+ District/Borough Councils which includes the IWC. They currently have 35,000+ clients and manage £14bn+ of cash and investments.

CCLA offer low risk, short term, and high liquidity accounts. This allows the Council to invest in the most efficient way by maximising interest whilst maintaining accessibility to the funds. CCLA pays interest on a monthly basis.

The fund is not covered by the FSCS, but it has a AAAmf credit rating by Fitch (highest possible rating).

The rating was affirmed on the 10 September 2021 by the credit rating agency, Fitch Ratings and offers an independent assessment of the strength of the fund. The rating reflects the Fund's extremely strong capacity to achieve the investment objectives of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk. The main drivers of the AAAmf rating are the high credit quality of the portfolio, the limited range of invested security types and the Fund's highly conservative investment guidelines as well as Fitch's assessment of the competencies of CCLA.

CCLA come highly recommended by other Town and Parish Councils, and our Internal Auditor also recommends them as a place to consider an investment portfolio.

Their current net interest rate is 3.8774%\*\*

\* Rate correct as of 26/01/2023

\*\* Rate correct as of 21/02/2023

### 3. FINANCIAL IMPLICATIONS

Based on the most recent interest rate supplied by CCLA (net of fees), below is the potential monthly interest receivable:

<b>Investment Location</b>	<b>£200,000</b>	<b>£250,000</b>	<b>£300,000</b>	<b>£350,000</b>
CCLA (3.8774%)	£646.23	£807.79	£969.35	£1,130.51
Nationwide (2.95%)	£491.67	£614.58	£860.42	£270.49
<b>Increase</b>	<b>+£154.57</b>	<b>+£193.21</b>	<b>+£231.85</b>	<b>+£270.49</b>

It is important to note that interest rates change daily and the above figures are based on making zero transactions on the account.

The Council are currently budgeting £260,000 of general reserves for 2023/24 with an additional £50,000+ held as longer-term earmarked reserves.

### 4. OPTIONS

- (1) Keep the sum of £200,000 invested in the current Nationwide Account and do not increase this value.
- (2) Withdraw funds from Nationwide and invest the £200,000 with CCLA.
- (3) Withdraw funds from Nationwide and invest an increased agreed amount with CCLA

### 5. RECOMMENDATIONS

It is the recommendation of the Responsible Financial Officer to choose option 3 and invest an initial sum of £350,000. This amount will be monitored regularly, and deposits/withdrawals made accordingly.