

Possible investment of earmarked funds

The Parish Council asked me to look into possible ways of investing the £42,000 that is held in earmarked reserves, in order to achieve some income via interest.

Through correspondence with other local council RFOs, I have discovered three possible options. (There may be further options available, but I have concentrated on the ones that were recommended by colleagues within the sector.)

To note: All of the following options operate by transfer to and from an existing nominated current account (in our case, the Unity account). They can all be set up with multiple signatories, so that no change to the named account, or any other key security changes, can be made without dual signatory authorisation.

1. Nationwide

Nationwide offers a Business Saver online account.

Interest rate 0.35% AER/gross.

£5K minimum investment.

Instant access.

More info: <https://www.nationwidecommercial.co.uk/help-and-support/opening-an-account>

2. Cambridge & Counties Bank

1 year fixed rate business and charity bond

Interest rate 3.30% AER/gross fixed.

£10K minimum investment.

No withdrawals until the end of the term.

More info: <https://ccbank.co.uk/business/savings/1-year-fixed-rate-business-bond/>

3. CCLA (Churches, Charities & Local Authorities)

Public Sector Deposit Fund

Interest rate 3.92% net variable.

£25K minimum initial deposit. No restriction on subsequent deposits or withdrawals.

Same day access to funds.

No set-up fees. 5 – 10 days to set up online.

More info: <https://www.ccla.co.uk/funds/public-sector-deposit-fund>

CCLA is used by SALC, Shrewsbury Town Council and Wem Town Council, among many others.

Note: As the minimum investment only applies to the initial account set-up, you could possibly use this account on an ongoing basis for your general reserves, even once the CIL monies have been spent.

Investment Strategy

You may, as a Council, decide that it would be appropriate to adopt an investment strategy. If so, then you may find it helpful to see what other councils' strategies look like. Both Shrewsbury and Wem Town Councils have strategies in place which you can find on their websites. Being a smaller council, it is probably not necessary to do this as any investments will be decided on a case-by-case basis.

Alison Utting (Clerk) 13th February 2023