

ABINGDON TOWN COUNCIL

Report to	FINANCE, GOVERNANCE AND ASSET MANAGEMENT
Meeting date	18 January 2022
Report author	Deputy Town Clerk / RFO
Agenda item	10

INVESTMENT STRATEGY

1. **Purpose of the Report**

- (i) To present the current performance of the council's cash holdings
- (ii) To consider any amendments required to the council's investment strategy, first adopted in December 2020.

2. **Summary**

2.1 The council holds its funds in three providers:

- NatWest Bank
- Santander building society
- CCLA Public Sector Deposit Fund

There are advantages gained from using these different accounts which are explained in section 5 Key Information. To date the council has chosen to hold all its funds in cash and there is no recommendation at the present time to make any changes.

2.2 Performance of investments has fallen significantly over recent years. This is not unique to this council. The table at [APPENDIX A](#) shows the levels of income the council has received during the year 1 October 2020 – 30 September 2021.

2.3 Members are required to review the strategy annually, in line with the Statutory Guidance on Local Government Investments (3rd edition), *issued under section 15(1) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018*. There are no recommendations to amend the existing Investment Strategy.

3. **Action required**

3.1 The committee is requested to:

- (i) **note** the current performance of its cash and investments
- (ii) **consider and approve** any changes to the investment strategy.

4. **Link to strategic plan and objectives**

- 4.1 Key Objective 3: To manage the Council's assets efficiently and effectively to meet the needs of the community now and in the future.

5. **Key information and options**

- 5.1 Income from interest has fallen considerably over recent years. This is not unique to this council and reflects the changes in financial markets. Previously, we would expect to receive in the region of £5,000 interest income each financial year. APPENDIX A shows that for the year ending 30 September 2021 the council received interest income of £1,772.
- 5.2 At the meeting held in March 2020, the council resolved to invest £500,000 in the CCLA Public Sector Deposit Fund. Due to the covid restrictions this transaction was delayed until 7 October 2020. Since then, the investment has generated annual income of £201. Whilst this is disappointing, it is noted that this is four times the amount that the £500,000 would have generated if still retained within the NatWest business reserve account. By way of comparison, the average balance in the NatWest accounts was £2,117,552 and amassed annual interest of £190. The funds held in both NatWest and CCLA can be released within 48 hours.
- 5.3 The funds retained in the Santander savings account attract higher interest, but access is restricted. Interest is paid on 1 April each year, £1,380 was received in April 2021 (£5,831 in April 2020 and £5,061 in April 2019 on similar balances).
- 5.4 As per the investment strategy, the Deputy Town Clerk / RFO, in conjunction with the Town Clerk and Leader of the Council, shall consider balances at year end and inform the committee of any transfer of funds between the three accounts already in use, or any recommendations regarding alternatives.
- 5.5 The investment strategy has been reviewed and some minor changes are needed to reflect the revised governance arrangements. These are highlighted in yellow in [APPENDIX B](#). No other changes are recommended.

6. **Supporting papers and appendices**

[APPENDIX A](#): Summary of Performance
[APPENDIX B](#): Investment Strategy v2