

Investment Strategy

Currently all of our bank accounts are with Nat West.

The interest rate on our Business Reserve account is 0.10% per month which is low and in line with most of the other banks in the UK.

We could get a slightly higher interest rate if we were to lock the money into an account for a fixed period of time however this is still not a very improved rate with Nat West or other comparable high street banks (please see attachments for comparison) and would also mean that we would be required to give notice to withdraw our funds which could prove problematic if we ever required funds urgently.

I would recommend we open an account with the Public Sector Deposit Fund with CCLA because :

- 1) This will reduce risk – as they place the cash with around 30 well-rated counterparties to ensure a high level of diversification. NatWest are not included at the moment – they currently do not meet the required minimum rating due to their ongoing reorganisation.
- 2) We can get funds back when we need it – They are able to respond daily. If we instruct by 11:30 then cash will be back in our current account by close of business that day.
- 3) Yield will remain competitive – it is declared daily and can be seen here: <https://www.ccla.co.uk/investment-solutions/fund/the-public-sector-deposit-fund> - 0.3760%, net of fees at close of business on 11th May. They seek to provide returns as close to base rate as practicable – currently it is well in excess of the 0.10% official rate. Fund-size is currently just short of £900m – and have many principal authority clients who have deposited their Covid-19 monies with them until they distribute locally.
- 4) They have around 560 clients in the Fund (360+ Parish and Town Councils). These include : Hertfordshire County Council, London Borough of Brent, Greater London Authority and the Local Government Association. Local Councils nearby include Bishop's Stortford TC, Harpenden TC, Dunstable TC, Newport Pagnell TC, Aylesbury TC, Wheathampstead PC, Amersham TC and Tring TC. We also count NALC, HAPTC and SLCC amongst our clients.
- 5) WTC do not come within the scope of the Financial Services Compensation Scheme – only Councils with an income below €500,000 are covered so we should try and use multiple suppliers where possible.