



Report author: Adil Iftakhar – Clerk

Report to Full Council

Date: 24/04/2024

Decision Required: Yes

Subject: CCLA – Public Sector Deposit Fund Investment

Does the report contain information which has been identified as confidential?

Yes No

If yes, please specify the reason that the report is confidential below:

N/A

1 Purpose of this report

1.1 To allow for the investment of reserves of the Wexham Court Parish Council into the CCLA, Public Sector Deposit Fund (PSDF).

2 Recommendation/s

2.1 Parish Council is asked to approve the investment of £150,000 into the CCLA, Public Sector Deposit Fund (PSDF) and the Clerk be delegated authority to set the account up with CCLA with the governance structure mentioned below at 6.1 of this report.

3 Summary of key points

3.1 A variety of investment instruments are available to the Local Authority market. In addition to the notice accounts and fixed term deposits available from UK and overseas banks, it is also possible for the Council to invest, for example, in UK Government Gilts, bond funds and property funds. These alternative instruments would either require the Council to tie up its cash for significantly longer periods, thus reducing liquidity, or would carry a risk of loss of capital if markets go down.

3.2 However, a variety of factors have meant the Council has reviewed that approach, e.g.:

- (a) The perception of increased risk in bank deposits.
- (b) A UK economy that could support a more positive outlook for other forms of investment.
- (c) A challenging budget outlook that would benefit from the influx of additional investment income.

3.3 Clerk has therefore considered a variety of different forms of investment. Under the Trustee Act 1961, Section 11 gives power to the parish councils to participate in schemes of collective investment which this is. In 2022 Members approved depositing of £85,000 each, into the following savings accounts: Redwood Bank, Cambridge & Counties Bank, Nationwide and Buckinghamshire Building Society. The Clerk has concluded that investment in to CCLA's Public Sector Deposit Fund represents a balanced investment opportunity and can be used as an easy access account whilst receiving interest monthly.

3.4 The Public Sector Deposit Fund is a UK UCITS Scheme, and a low volatility net asset value money market fund (LVNAV MMF) which is a short term MMF. The investment objective of the PSDF is to maximise the current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high-quality sterling denominated deposits and instruments. The primary objective is to maintain the net asset value of the fund at par (net of earnings). Further details about CCLA, Public Sector Deposit Fund can be found at www.ccla.co.uk/funds/public-sector-deposit-fund

3.5 Enclosed with this report is a Factsheet about the Public Sector Deposit Fund which should be read by all members. CCLA has been around since 1958 and has a long history of managing funds. CCLA currently manages over £14bn of investments on behalf of its clients (Churches, Charities & Local Authorities). Around £3bn of this is managed on behalf of Local Authorities, ranging from the smallest parish councils to the largest principal authorities. CCLA is owned by its clients (effectively a mutual) and the local authority part is owned by the Local Authorities Mutual Investment Trust (LAMIT). The Local Government Association (LGA) support the appointment process to the LAMIT board. There are over 1000 Local Authority clients and around 650 Town and Parish Councils who invest with CCLA.

3.6 The PSDF is a cash based, AAA rated, money market fund (MMF) with daily dealing and easy access to cash. The fund is low risk, provides good liquidity and good yield. There is a high level of diversification in this fund and only top-quality credit rated organisations are used. There is an initial minimum deposit of £25,000 but this amount can be withdrawn to zero and the account used as and when required. There is daily access to this fund, you can move funds into and out of the deposit fund as your cash needs arise, if they are informed by 11.30am the money will be back in your account the same day. Interest is paid monthly on this account.

3.7 The current rate on the PSDF is 5.23% and a list of clients that are in the locality that use the CCLA are as follows: Slough Borough Council, Stoke Poges Parish Council, Burnham Parish Council, Datchet Parish Council, Old Windsor Parish Council, Wraysbury Parish Council, Iver Parish Council, Spelthorne Borough Council and Beaconsfield Town Council.

4 Financial Implications and Budget Provisions

4.1 The minimum initial investment that is allowed into the PSDF is just £25,000, however, it is advised that £150,000 be invested but it is worth noting, that the PSDF functions as an easy access savings account. This would leave around £49,000 within our Natwest current account. There is no fee to pay, its built into the interest rate. The 0.08% is taken from the interest rate CCLA pass on to the Natwest current account. The 0.08% covers the cost to run the account so we do not pay a fee.

5 Policy Implications

5.1 The investment strategy is compliant with the Investment Policy 2022 which states at “8.2 *The council can also consider investing in Public Sector Deposit Funds (PSDF) and Land/Property within the Borough subject to approval of the full council.*”

5.2 The Investment Policy 2022 should be reviewed in 2024/25.

6 Governance Implications

6.1 The governance structure should be identical to that followed on our banking mandate. The Clerk will remain the main correspondent with the CCLA, but it would be for members to decide which two parish councillors they wish to have as signatories. These two signatories will be able to collectively transfer funds into and out of the Natwest current account between the PSDF upon the request of the Clerk/RFO.

7 Background Papers

7.1 Investment Policy 2022 - <https://wexhamcourtparishcouncil.gov.uk/wp-content/uploads/2022/08/WCPC-Investment-Policy-2022.pdf>

7.2 The Public Sector Deposit Fund – Fact Sheet
<https://www.ccla.co.uk/documents/public-sector-deposit-fund-fact-sheet/download?inline>

7.3 Costs and Charges explained <https://www.ccla.co.uk/documents/ccla-understanding-our-costs-and-charges/download?inline>

7.4 CCLA – Public Sector Deposit Fund Prospectus
<https://www.ccla.co.uk/documents/public-sector-deposit-fund-prospectus/download?inline>

Further Information

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