

Agenda Item: 6 (e)

Report to: Finance and Audit Committee

Date: 12th June 2024

Subject: Short Term Deposit Investment

Summary: The committee is asked to consider allocating a portion of the general reserves to a Short Term Investment.

1. Background and objective

- 1.1 Bexhill-On-Sea Town Council's reserves are currently sitting in a low interest account. It was previously agreed on 27 September 2023 to use another provider (Aldemore) for a One Year Fixed Rate account to obtain a higher interest rate. Aldemore subsequently were unable to offer the account so the change was put on hold.
- 1.2 The RFO has been requested to relook at short term investments (One Year maximum) in order to allocate around £200k from General Reserves. This will gain a better return which can go towards delivering the council's objectives.

2. Purpose of the report

- 2.1 The purpose of this report is to relook at the various options of bank accounts or investments in order to gain a better return.
- 2.2 The RFO has researched two One Year Fixed rate accounts and one Investment Fund aimed at Local Authorities. It is understood through the SLCC that other Parish/Town Councils use these organisations and they are well known.
- 2.3 A check has been made by the RFO using email to ensure that BTC funds can be placed in these investments or accounts:

Bank	Account	Interest Rate	Min & Max Amount can be Invested
Unity Trust	One Year Fixed Rate Bond	4.85%	£85,000 to £20m
Redwood Bank	One Year Fixed Rate Bond	4.65%	£10,000 to £1m
CCLA	Instant Access Public Sector Deposit Fund	5.22% Bank of England rate tracker	£25,000 – no upper limit

2.4 The two fixed rate bonds are simple accounts with no deposits or withdrawals for one year. The rate is fixed for the whole term. The interest on the Unity Trust account would be £9,700 based on a £200,000 deposit and Redwood Bank would be £9,300 in a year.

2.5 The CCLA instant access Public Sector Deposit Fund is a Money Market Fund and uses the investment to access other A+ credited financial institutions mainly in the UK and USA, these are the following key facts:

- Same day access.
- Investments are made in Pound Sterling.
- It tracks the Bank of England base rate which is currently 5.25%.
- The interest rate is 5.22% net currently after CCLA fees.
- Very low risk investment.
- Used by other County, Parish and District/Borough councils.
- Interest would be £10,440 if the rate stays at 5.22% over the year.

3. Recommendation

- a) The RFO to arrange a presentation from CCLA to discuss their investment fund further if the committee wishes.