

POLICY AND PROCEDURE: INVESTMENT PLAN 2023-24

2023-24 Investment Plan- (Mar 2024)

The Investment Plan is normally reviewed annually but changes in the economic climate has given rise to half yearly reviews to ensure that the investments are making the best return for the Parish Council and are accessible when required.

Funds Available for Investing

MPC has approximately £340,000 temporary surplus funds available during 2023/24 (see table below):

Source	Balance at 30.09.23	Maximum investment term	Comments
General Reserve	£352,891 of which £164,337 is equivalent to 6 months expenditure.	3 months	Easy access required in case of emergency need – We are only required to maintain 6 months trading, however this does not consider the remaining spend
Asset Management Reserve	£89,203 a further £17,210 was moved in Oct and £18k to be spent from the Little Hhands drainworks.	£10k: instant access £62,000: 3m-1 yr	£10k-10k anticipated for projects in 2023/2024 – needs to be accessible
s106 Reserve (unallocated funds only)	£205,399	3 months (potentially 1 yr if no further projects anticipated this year)	Balance excludes funds that have already been allocated or are anticipated to be allocated to projects in 2022/23 e.g. playground, skate park, boardwalk etc

This above Recommendation has not considered the plan and is prudently placed.

- The majority of MPC’s available funds should be kept readily accessible - maximum three month notice period.
- It should be possible to invest part of the AMR and s106 reserve for a longer term.
- The Investment Plan should be reviewed as MPC’s plans for spending s106 and AMR funds are agreed to ensure that funds are available when required.

Economic Climate

Bank of England base rate is currently 5.25% which will remain for at least another 6 weeks. Interest. Reports as at the 02 November 2023 suggest this will remain high for longer than initially reported.

Current position – 30 September 2023

MPC has £325,286 invested in four accounts – see breakdown below.

Review of existing investment performance:

Institution	Product	Current Investment	Notice Period	Yield (at 28 Feb 2023)	FSCS Yes/No	Credit Rating
CCLA	Public Sector Deposit Fund* (money market fund)	£85,000	On demand	5.25%	n/a	AAAmf (Fitches) Unchanged
Nationwide (issue 1)	45 day Members Business Saver deposit account	£116,968	45 days	3.15%	Y	AA3 (Moody's) Unchanged
Charity Bank	40 day ethical notice	£30,424	40 day	3.26%	Y	-
Cambs & County	1 Year Fixed	£60,000		5.2%	Y	

*The Public Sector Deposit Fund is a money market fund specifically designed for the Public Sector. It invests in a diversified portfolio of high-quality sterling denominated deposits and instruments. Its primary aim is to maintain the net asset value of the fund at par. The purchase of shares in the PSDF is not the same as investing in a bank deposit account and is not a guaranteed investment. There is a risk that the value per share may fall below face value.

Investment Options for remainder 2023/24

A review of available investments, open to Parish Councils, which meet MPC's Investment Strategy requirements was undertaken (see Appendix 1 below).

The **best yields** currently available to Parish Councils are:

Institution	Product	Minimum Investment	Notice Period	Yield (at Feb 2023) Fixed/Variable	FSCS Yes/No	Credit Rating
Charity Bank	Ethical 40 day notice	£1,000	40 days	3.11%V for bals>£25k 3.26%	Y	-
Charity Bank	Ethical 1-Year Business Fixed Rate	£10,000	Matures 1 Year	4.86% F	Y	-
Charity Bank	Ethical Easy Access business savings	£10,000	On Demand	3.22%	Y	-
Charity Bank	Ethical 100-day notice	£1,000	100 days	3.14% >£25,000 3.29%	Y	-
Cambridge & Counties Bank	1 yr fixed rate business bond	£50,000	Matures 1 yr	5.2% F	Y	-

MPC currently has £292,392 invested. The available fund for investment is approximately £340,000.

Of MPC's existing investment accounts, CCLA is performing well and Nationwide offers relatively good yields compared to the best new offerings. The Cambs & County investment is performing well.

Cambridge & Counties Bank are offering good returns although one account requires 95 days' notice they only do from 1 year fixed. CCLA offers instant access with a higher yield, however there is risk attached to this account. Cambridge & Counties 1- year fixed rate business bond is the best return currently available to Parish Councils.

Investment Plan Recommended for remainder of 2023/24:

CCLA PSDF – this investment is currently performing well. MPC has increases their investment by to £85,000. Note that this investment is not the same as a bank deposit.

Nationwide 45 day business saver - this account has offered consistently good returns and remains one of the best returns currently available with under three months' notice. MPC should keep their investment at the current level (£116,968). This balance exceeds the FSCS limit.

Cambridge & Counties Bank 1 year fixed bond – this investment was opened in August 2023 with £60,000.

For agreement:

Investment of an additional £25,000 to CCLA.

Charity Bank 1yr ethical fixed rate/ethical easy access – the proceeds from the matured 1yr bond (£30,000) should be invested in a new Charity Bank ethical 40 day notice account W We need to consider whether an additional £25,000 should be invested to bring the investment to £55,000.

Total invested = £342,392

Liquidity breakdown of suggested investments:

£85,000 = instant notice (32%)

£80,000 – 40 day notice (34%)

£115,000 = 45 day notice (16%)

£60,000 = one year maturity (18%)

The proposed investment plan spreads investments between institutions and account types which spreads risk via diversification.

All investments should be reviewed in March 2024 or earlier if there is a significant change in interest rates, perceived risk of financial institution failure or economic climate.

Document Approval:

(Chair to Melbourn Parish Council)

Date of Parish Council meeting: 6 November 2023

Review: 6 months