

POLICY AND PROCEDURE: INVESTMENT PLAN 2025-26

2025-26 Investment Plan- (Sept 2024)

The Investment Plan is reviewed annually, changes in the economic climate may give 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 £ temporary surplus funds available during 2024/25 (see table below):

| Source | Balance at 30.09.24 | Comments |
|---------------------------------|---|---|
| General Reserve | £354,856 of which £182,365 is equivalent to 6 months expenditure. | 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 | £100,612 | Projects to be reviewed |
| s106 Reserve | £194,453 | Have looked at reserves and projects to be undertaken assumed bus shelters will be post 2025. Skate Park project funds to be redirected to other project – under investigation with s106 officer therefore assumed this will not be required in 2025. |

Table of Fund investments to consider:

The table below shows how I believe we can prudently split the funds based on the reserves and the plans. This is not necessarily how it will be split taking into consideration the available accounts and risks.

| Source | Instant Access | 45 day notice | 100 day notice | 6 months | 1 year |
|-----------------------------|----------------|----------------|----------------|---------------|----------------|
| General Reserve | 182,365 | 86,246 | 86,245 | | |
| Asset Management Reserve | | 30,000 | | 10,000 | 60,612 |
| S106 Reserve | 31,906 | 22,428 | 22,428 | 22,428 | 95,263 |
| Other Reserves – (£163,318) | 30,000 | 25,547 | 35,924 | 35,924 | 35,923 |
| Current Asses& Liabilities | (5,083) | | | | |
| Total | 239,188 | 164,221 | 144,597 | 68,352 | 191,798 |
| Current Portfolio | 593,293 | 120,536 | | | 94,327 |

| Bank Account | Terms | Amount 30.09.24 |
|---------------------------------|----------------|------------------------|
| Unity Trust Current | Instant Access | 326,198 |
| Unity Trust Savings | Instant Access | 182,095 |
| CCLA Public Sector Deposit fund | Instant Access | 85,000 |
| Charity Bank | 1 year fixed | 31,270 |
| Cambs & County | 1 Year Fixed | 63,057 |
| Nationwide 45 day saver | 45 day notice | 120,536 |
| | | 808,156 |

This above Recommendation has considered the remaining 2024/25-year plan and potential spend in 2025/26 and is prudently placed.

- The majority of MPC’s available funds should be kept readily accessible with a maximum of 100 days notice.
- It should be possible to invest for longer terms based on plans and obligations part of the AMR, s106 reserve and any reserves which are maintained for periods in excess of 1 year.
- The Investment Plan should be reviewed as MPC’s plans for spending s106 and AMR and obligations are agreed to ensure that funds are available when required.

Economic Climate

Bank of England base rate is currently 5% the next review is the 7th November 2024 it is predicted that this will remain after the budget announcements made. It is expected to fall by the end of 2025. Current position – 30 September 2024

MPC has £299,863 invested in four accounts – see breakdown below.

Review of existing investment performance:

| Institution | Product | Current Investment | Notice Period | Yield (at 28 Feb 2024) | FSCS Yes/No | Credit Rating |
|----------------------|---|---------------------------|----------------------|-------------------------------|--------------------|---------------------------|
| CCLA | Public Sector Deposit Fund* (money market fund) | £85,000 | On demand | 4.8% | n/a | AAAmf (Fitches) Unchanged |
| Nationwide (issue 1) | 45 day Members Business Saver deposit account | £120,536 | 45 days | 3.40% | Y | AA3 (Moody's) Unchanged |
| Charity Bank | 40 day ethical notice | £31,270 | 40 day | 3.26% | Y | - |
| Cambs & County | 1 Year Fixed | £63,057 | 1 year | 5.10% | 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 2024/25

A review of available investments, open to Parish Councils, which meet MPC's Investment Strategy requirements was undertaken

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 | 3.26%V for bals>£25k 3.30% | Y | - |
| Charity Bank | Ethical 1-Year Business Fixed Rate | £10,000 | Matures 1 Year | 4.46% F | Y | - |
| Charity Bank | Ethical 100-day notice | £1,000 | 100 days | 3.29% >£25,000 3.33% | Y | - |
| Cambridge & Counties Bank | 1 yr fixed rate business bond | £50,000 | Matures 1 yr | 4.6% F | Y | - |
| Cambridge & Counties Bank | 31 day notice | £10,000 | 31 days | 4.05% variable | Y | |
| Cambridge & Counties Bank | 95 day notice | £10,000 | 95 days | 4.55% variable | Y | |
| Cambridge & Counties Bank | 6 months fixed rate bond | £10,000 | Matures 6 months | 4.600% fixed | Y | |

MPC currently has £299,863 invested.

The available additional funds for investment is approximately £275,576.

There are a number of accounts that are not suitable for parish councils so spreading the risk is difficult. We hold a large amount in Unity Trust Bank, looking at the deposit accounts these require a minimum of £85,000 investment.

Of MPC's existing investment accounts, CCLA is performing well and Nationwide is currently lower than 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 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.

Other High street banks do offer savings accounts and the interest rate is significantly lower. This will reduce the overall risk.

Investment Plan Recommended for remainder of 2024/25:

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

Nationwide 45 day business saver – MPC should reduce the amount held in the account to the FSCS limit of £85,000.

Charity Bank 40 days – This account holds £31,270 and should remain.

Cambridge & Counties Bank 1 year fixed bond – this investment was renewed in September 2024 with £63,057

For agreement:

Please note that the below will keep these banks under £85,000.

£21,000 should be invested into Cambridge & Counties 6 month fixed rate bond.

£53,000 should be invested into the 100 day Charity Bank account.

We will then approach other banks to review the offerings to spread the risks.

Should explore the possibility of investing in an asset within the community (shop on high street). This would reduce the risk of the £85k and bring in a different type of revenue stream – possibly higher than bank interest rates. Does reduce the liquidity of not being cash and exposure to more maintenance. Does allow the Parish to ensure it is used for the right reasons.

Liquidity breakdown of suggested investments:

| | Instant Access | 40-45 days | 100 days | 6 months | 1 year |
|------------|----------------|------------|----------|----------|--------|
| % of funds | 30% | 20% | 18% | 8% | 24% |

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

All investments should be reviewed in March 2025 subject to maturity of bonds 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: 25th November 2024

Review: 6 months