

LANGPORT TOWN COUNCIL

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Report to: Finance and Personnel Committee

Report Title: Investing wisely

Date prepared: 4th February 2025

For consideration: 18th February 2025

Recommendation: That Langport Town Council invests with the CCLA (Churches, Communities and Local Authorities) fund.

Prepared by: Gerard Tucker – Town Clerk

Background

Langport Town Council has very tight budget, due entirely to the low population base and the absence of generating an income through new development. Already, Langport residents are asked to contribute much higher amounts thorough the parish precept than other communities. Whilst this is a frustration, in many ways, it ensures that all decisions for expenditure have been carefully considered and monitored effectively. This paper provides a new dimension, that of considering how to generate an additional income for the council through investing wisely.

Since the introduction of the Somerset Unitary authority, the payment of the precept has changed form being made in two equal instalments in April and September, to one large instalment in April. This means that from the beginning of the financial year, a significant amount of funds are held in the councils deposit account. This report explains how it is possible to generate additional income through investing differently.

Report

In 2008, the British economy took a significant tumble. At the same time, Local Authorities who had traditionally sourced the maximum returns on their investments, were caught by the collapse of the Icelandic economy, in which many authorities had invested. Thankfully, most were able to recoup most of their investments, yet it took many years, creating significant uncertainty. An organisation which was first established in 1958 that was principally involved in investing funds from Churches and Charities identified that Local Authorities would benefit from the same prudent management of investments. In 2011, the organisation CCLA (Churches, Charities and Local Authorities) was established. Whilst the presence of this funder was becoming stronger in the world of Local Authority investments, until now, it was perceived to be something that only larger councils may consider.

Having received a presentation at a meeting of the Society of Local Council Clerks and followed up with asking clerks if they were using CCLA and if so, what was their experiences, it became evident that this is something that could be considered by Langport. Frome and Bridgwater have invested with CCLA for more than 10 years. Bruton has been using CCLA for the past two years. They join numerous authorities who invest with CCLA, including Somerset Association of Local



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Councils (SALC), National Association of Local Councils (NALC), Society of Local Council Clerks (SLCC), Local Government Association (LGA), Internal Drainage Board (IDB) and the Greater London Council (GLC).

The minimum entry level is currently £25,000. There are three funds within the organisation. The one of interest is the Public Sector Deposit Fund

Fund overview

- The fund aims to maximise the current income with the primary objective is to maintain the net asset value of the fund at par (net of earnings).
- The fund is categorised as a short-term low volatility net asset value money market fund under the Money Market Fund Regulation.

Investment approach

- An actively managed fund which will be invested in a diversified portfolio of high-quality sterling deposits
- All investments at the time of purchase will have the highest short-term credit rating or an equivalent strong long-term rating.

Sustainability approach

- CCLA, believe in the primary role of sustainable investment with a need to drive positive change.

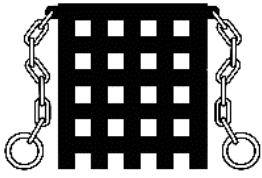
The Public Sector Deposit Fund (on 11th December 2024) was returning an interest rate of 4.762%. This compares to the Nat West Deposit account who on the same day were returning an interest rate of 2.25%. To put this into context, our investments in this financial year are expected to return approximately £2,400 in interest. If our investments were with CCLA, the return would be closer to £5,000.

The transfer of funds is considered to be incredibly easy. A request made before 11.30am guarantees that the amount requested is received in the account the following day. This is slower than our current arrangements with Nat West, although is easily managed.

Recommendation

The recommendation of the Town Clerk is that we give due consideration to investing our funds more wisely. An open session was arranged with CCLA enabling councillors to discuss the proposal, fully understand the risks, operational procedures and determine if this is something that Langport Town Council would consider doing. Having held this session, the recommendation is that Langport Town Council invests with the CCLA.





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