

RYDE TOWN COUNCIL FINANCE COMMITTEE – 30TH JULY 2019

TREASURY MANAGEMENT/INVESTMENTS

1. Ryde Town Council currently has no loan debt so its treasury management activity relates solely to the investment of reserves and temporary cash surpluses.
2. Surplus cash from the Nat West Current Account is currently transferred on a daily basis to a Nat West Business Reserve Account which is interest bearing. This account interest rate is minimal, currently 0.15%.
3. With the precept being paid in full in April our cash balances rose to over £1.4 million. If we spend in accordance with budget they will reduce fairly steadily over the financial year to a budgeted level of £180,000 at 31st March 2020. There is therefore a clear need of finding an investment account which provides a better interest return on short term cash surpluses but carries minimum risk.
4. The Isle of Wight Council pays interest on the temporary lending which it takes from other local authorities and financial institutions. The Isle of Wight Council have been approached to see whether they would be interested in taking temporary surplus sums from Ryde Town Council, but a response has yet to be received.
5. The attached list (Appendix A) contains a number of currently available investment accounts that could be used to generate greater interest returns. All of the accounts are covered by the Financial Services Compensation Scheme which guarantees the safety of investments up to the sum of £85,000. I also attach for information the Investment Strategy for Alton Town Council (Appendix B) which could be used as a starting template for Ryde Town Council.
6. For illustrative purposes investment of our estimated average cash surpluses in the 95 day notice account with Nat West could generate an additional £5,600 per annum more than continuing with the current arrangement. It may also be considered prudent not to hold all of our now considerable temporary cash surpluses with just one bank. If we assume that our reserves will never fall to less than £200,000 it would be financially advantageous to invest this sum in a longer term fixed interest investment

Gareth Hughes

Responsible Financial Officer

24th July 2019