

## ALDENHAM PARISH COUNCIL

<b>Council Document</b> To decide what action to take regarding the HertsmereBC investment which is due to mature in July 2021.	<b>AGENDA item 13</b> <b>Finance &amp; General Purposes</b> <b>Committee Meeting 12<sup>th</sup> April 2021</b>
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### **Background**

In July 2020 Aldenham Parish Council (APC) decided to invest £500,000 through HertsmereBC (seen as a good risk) for one year. The interest rate was 0.55%. This bond matures on 29<sup>th</sup> July 2021 which is just after the next F&GP meeting. The early indications are that the rates are currently less than what was agreed in 2020.

As at 31<sup>st</sup> March 2021 APC held approximately £1.3m with a further £636,934 guaranteed to be received in two halves by 15<sup>th</sup> October 2020, this being the precept collected by HertsmereBC. As Aldenham Parish Council (APC) are holding these figures it is incumbent on it to invest monies to try to ensure it receives the maximum return it can. However, CiL receipts are not allowed to be invested.

To predict how much can be invested, and for how long, APC needs to ascertain the funds required over the next three years (this being the maximum term that can be reasonably forecast).

It is likely that the majority of the precept will be used this year to meet the revenue costs of the council. Some contingency has been included for future projects within this figure but it is safe to assume that the balance at the year-end is the amount available for future projects so can be invested.

Looking at the next year the majority of CiL and Capital & Earmarked Reserve funds will be used by the Phillimore Rec Improvement and Allotment projects. This will be circa £600,000.

APC funds are split as follows, these figures are as at 28<sup>th</sup> February 2021

CCLA - investment in an account with instant access that pays dividends each month which are reinvested -- £407,270.

Close Bros - Bond paying 1.1% interest, access immediate but with penalties -- £162,870.

HertsmereBC bond for one year maturing July 2021 -- interest rate 0.55% -- £500,000

Barclays Bank current account, no interest balance £343,833.91. It is worth noting that of that monies £100,000 was invested in United Trust Bank for one year in March 2021.

### **Recommendations**

That APC look to invest £500,000 in a further one-year bond, and asks the Council Manager to investigate what is available nearer to the maturity date and reports this to the next meeting.

### **Reasons for recommendation**

There are sufficient funds in the current account and CCLA to fund the projects looking to complete in 2021/22. CCLA returns are equally poor due to poor returns on 'safe' investments.

There are also funds available in Close Bros and the United Trust Bank account matures in March 2022.

The timeline for the Phillimore Rec Improvement project is that works will commence towards the end of this year, and the Allotment project is earmarked for Autumn 2021.

**Alternative options**

That the Council just let the bond matures and does not reinvest, or looks to invest a lower amount.

**Financial Implications**

The Council needs to ensure it is getting best value for money, which means investing where it can.

**Risk Management Implications**

As stated above the risk of not investing such a large balance without due reason could be questioned by auditors and residents.

Members are asked to consider this report.

Peter Evans  
Parish Council Manager