



Press Release

22 March 2010

Regulation change broadens investment choice for local authorities and creates a welcome opportunity to boost income.

From 1st April 2010 investments by local authorities in the Local Authorities' Property Fund (LAPF) will no longer be categorised as capital expenditure. CCLA, the investment manager owned by its charity and local authority clients, believes that this change makes it much easier for local government investors to improve the income earned on their assets.

CCLA Chief Investment Officer James Bevan comments: "Local authorities typically invest their assets as cash with banks paying a very low level of interest. The LAPF currently provides an income of more than 6.5%. Whilst an investment in property carries a higher level of risk than cash, even a small allocation to the Fund would have a material and beneficial effect on investment income".

The Local Authorities' Property Fund was established in 1972 by local authorities and for local authorities to provide access to the UK commercial property market through a diversified portfolio of good quality assets.

James Bevan says: "Interest rates are low and likely to stay low for some time to come. We applaud this change because it makes it much easier for local authorities to invest their assets in order to boost their income and improve their long term returns"

The regulation change comes from a Department for Communities and Local Government (CLG) review of the capital finance system. In its report the CLG made specific reference to the LAPF and recommended its exemption from the capital expenditure rule.¹

Ends

For further details of the Local Authorities' Property Fund please visit www.ccla.co.uk

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Notes to editors

¹<http://www.communities.gov.uk/documents/localgovernment/pdf/1502228.pdf>

About CCLA

CCLA has a 50-year heritage of managing funds for local authorities. Uniquely, it is owned by its clients, which are all not-for-profit organisations, and it has no external financial shareholders. As a result, CCLA understands the particular needs of the sector and its entire focus is to deliver what clients need, rather than what it can sell them. In particular, 15% of CCLA is owned by the Local Authority Mutual Investment Trust, which was established to promote the management of funds for local authority clients.

CCLA is a pioneer of ethical and responsible investment, and is a signatory to several high profile global investor groups, including the International Investors Group on Climate Change (IIGCC), the United Nations Principles of Responsible Investment (UNPRI) and the Carbon Disclosure Project, all of which aim to tackle key social and environmental issues.

CCLA is authorised and regulated by the Financial Services Authority. For further information visit www.ccla.co.uk