

Item FG-25-18d

Report to The Finance and General Purpose Committee (F&GP)

Date: 26th October 2025

Prepared by: Clerk and RFO

Subject: Opening a New Savings Account

Background

The parish council holds surplus funds/general reserves and wishes to open a savings or deposit facility as soon as possible. Key requirements:

- The bank or institution should understand the local authority / parish council sector (to ensure signatory arrangements etc).
- Access must be relatively easy (not tied in for long term) and set up/transfer should be straightforward.
- The return should be competitive, but risk must be minimised (given public money, audit scrutiny etc).
- Important: the Financial Services Compensation Scheme (FSCS) protects eligible deposits with UK-authorized deposit takers up to £85,000 per depositor, per institution.
 - If the council places more than £85,000 with one institution, those excess funds would be unprotected in a bank failure.
 - Hence part of the Parish Council's strategy must include consideration of its current savings accounts with one bank.
- The institution should be comfortable with parish councils as clients.

Given the above, I recommend the council considers the following three options for new facilities.

Recommended Options

Here are three viable options, each with pros/cons, and latest known terms/rates:

Option	Description	Latest Interest Rate / Terms / Charges	Pros	Cons
Option A: Hinckley & Rugby Building Society – “Local Council Easy Access Deposit”	A savings account marketed to town & parish councils.	Gross / AER 1.75% Local Council Easy Access Deposit - HRBS - Public	Specialist provider for councils; easy access; quick set-up.	As a building society, the number of branches may be fewer; rate may not match top commercial banks; deposit protection still FSCS £85k.
Option B: Unity Trust Bank – Business Savings / Instant Access	A commercial bank recognised for serving public-sector organisations, including councils.	Instant Access Gross rate**/AER*** 2.10% / 2.12% Instant Access Business Savings Account Ethical Savings	Experienced with parish/town councils; simple online banking; easy mandate; accessible.	Rate may be slightly lower than the absolute top market; still covered by FSCS up to £85k; larger deposits need diversification. If you choose to withdraw funds to an external account, a £28 CHAPS fee applies for same-day external transfers
Option C: CCLA Public Sector Deposit Fund	A pooled investment fund tailored for public sector bodies including parish councils. Local authorities CCLA	Terms: Daily dealing; high liquidity but this is a fund (not a bank deposit) and NOT covered by FSCS	Specifically aimed at public-sector investors; good yield; daily liquidity; reputable fund manager.	Because it is a fund rather than a bank deposit, it carries different risk (not FSCS-protected); funds may fluctuate. Some auditors/licensing may question “fund” vs “bank deposit” for reserves. Setup may be a little longer.
Option D: Redwood Bank / 35 Day Business Savings Account	Bank recognised by the Council sector	3.78% variable Interest rate AER 3.85% variable Monthly interest The 35 day Business Savings Account	Manage online Straightforward to set up	£10,000 minimum deposit 35 day notice

Recommendation

After considering the above, I recommend the council proceeds with **Option B – Unity Trust Bank** as the primary new savings account for the following reasons:

- The bank is experienced in working with local authority / parish council sector, so we expect a smoother onboarding process
- The access is easy (no long lock-in), which aligns with our requirement that funds should be available if needed.
- The rate is competitive in the current environment and ensures easy transfers if the council chooses to move money.
- We retain the option to use Option A (Hinckley & Rugby) for diversification or larger sums.

Additional actions recommended:

- Clerk / RFO to prepare the account application paperwork for Unity Trust Bank and submit as soon as possible.
- Transfer a suitable amount of surplus funds, keeping the Lloyds current and savings below £85,000. More information on surplus/general reserves amount will be known at year end.
- Monitor interest rates annually; review our reserves/investments strategy at least yearly.
- If we exceed FSCS coverage or hold large reserves, consider splitting across multiple institutions or incorporate a fund option (e.g., CCLA) with appropriate risk disclosure.
- Maintain documentation of the decision and bank mandates to support audit and Transparency Code requirements.

Next Steps

1. F&GP Committee resolves to open a new savings account with Unity Trust Bank and authorises the transfer of allocated reserves (Including moving the Trans save money)
2. F&GP Committee agrees the signatories for the new account
3. Clerk/RFO proceeds with application and ensures signatory mandates are in place.
4. At the next relevant Full Council meeting, report the new account details and transfer of funds

J Wilson

October 2025