

Agenda Item 10 - Banking and Investment of Fund, Maturing Deposit

The 6-month fixed deposit with Lloyds Bank matures on the 18th October. The capital sum of £48,000 and the interest of £842.30 at 3.5% will be paid back into the Treasurers Account.

The Parish Council now needs to consider options for re-investment.

The Council has the following Bank Accounts:

- *Lloyds:*
Treasurers Account for day-to-day banking
Business Instant Saver for short term savings and contingency funds. Currently pays 1% interest.
- *Nationwide:*
45-day saver. Currently pays 3.35% interest.

The attached spreadsheet shows bank balances as at 30.9.2024, forecast receipts and forecast spend on projects for the second half of the year.

The Council's Investment Strategy sets out that the Parish Council will only invest, short term (under 12 months), in specified investments with bodies who have a high credit rating, which are banks, building societies, local authorities and other public authorities or in other approved public sector investment funds. Full Council must make the decision on investments.

Forecast changes in interest rates are that as inflation reduces, the base rate will go down and savings interest rates will also therefore reduce. As a result fixed term deposits are now paying less than notice accounts as the latter have variable interest rates and can be reduced and increased as required with sufficient notice, unlike fixed term deposits where the interest rate is fixed at the outset for the full term.

Currently the Lloyds 95-day notice account is paying interest at 3.81%, whilst the 6- and 9-month fixed term deposits pay 3.01% and 2.75% respectively.

The 95-day notice account can be retained on a rolling basis, rather than having a fixed maturity date. The Council must give 95 days' notice for any withdrawals. The Council also has a 45-day notice account with Nationwide paying 3.35%. Nationwide are currently oversubscribed and not taking on new business deposit accounts. Lloyds also have a 32-day notice account, but this only pays 2.5% interest.

It is recommended that the Parish Council place £45,000 in the Lloyds 95-day notice account, it is then projected that this will leave an estimated £35,000 in addition to the predicted spend, in the Treasurers and Business Instant Savings account to allow for additional project spend if required and agreed, and to provide instant access for contingency purposes until receipt of the first instalment of the 2025-26 precept, and that the Nationwide balance is left as is to allow for swifter access to additional funds if required and to spread funds over financial institutions. The Clerk will look forward each month to see whether notice is needed to transfer funds across to meet upcoming obligations.

When S106 funds applied for are received these will be placed on the instant saver account until payment is required as access to the funds will likely be needed within the 95-day notice period.

**Debbie Bird, Clerk to Willand Parish Council
October 2024**