



Saxilby with Ingleby Parish Council

Non-confidential

Recommend to Full Council opening a Savings Account

Report to: Finance and Risk Committee 24-12

Report by: Clerk

Power/duty which decision falls under: Local Government Act 2003, s12. Power to invest.

Which council objective(s) it falls under:

-

Public Sector Equality Duty (*Consider how policies/decisions affect those protected under the Equality Act*)

-

Consideration on carbon reduction:

-

Consideration of risk management in relation to the proposal¹

It is impossible to list every risk faced by a local council. Risk, in the general sense, means the likelihood of an event happening, and the severity of the negative consequences. The insurance industry regards risk as representing loss or damage. Risk always involves uncertainty. When protecting a local council effectively, it is important to consider if risk is present in the following areas (SLCC AN241)[Tick]

- ☐ Decision making
- ☒ Finances
- ☐ Property
- ☐ Staff
- ☐ Events
- ☐ Legal
- ☐ Inspections
- ☐ Written/verbal communication

Does the report consider any new activity? If 'Yes', has a risk assessment including risk management proposals for consideration been included for consideration and adoption by the council? (*Financial Regulation 17b*)

No. Opening additional savings account.

¹Risk areas to consider - strategic/operational, likelihood/impact, add to risk register? Any contingency planning needed?

REPORT

The council currently holds general reserves and identified reserves for some planned projects. In order to prudently manage the council's financial affairs, it is proposed to open a further savings account to allow reserves to attract interest and to reduce the risk of funds not being covered under the FSCS².

Currently circa £41,000 is above the FSCS protection limits. Opening an additional savings account, with a financial institution which is unconnected to the ones the council currently uses, would eliminate this risk.

Propose to open accounts with Lloyd's banking group:

1. The savings interest rate is good compared to competitors at 3.56%
2. The bank has a direct feed into Xero to support with financial administration
3. The bank has a good credit rating

Other options explored included amongst others HSBC, Barclays, Metro, and Santander.

Lloyds Bank plc			
Agency	Long term	Short term	Rating report
Standard & Poor's	A+	A-1	14 November 2024
Moody's	A1	P-1	13 June 2024
Fitch	AA-	F1+	21 November 2024

<https://www.lloydsbankinggroup.com/investors/fixed-income-investors/credit-ratings.html>

Summary box		
Account name: Notice Account		
What is the interest rate?		
It's a variable Interest Rate, as shown below:		
AER ¹	GROSS p.a. ²	Notice period
2.33%	2.30%	32 days' notice required to make withdrawal or close the account
3.62%	3.56%	95 days' notice required to make a withdrawal or close the account
Interest rates stated above are available as at 08/11/2024 and expire on 19/12/2024 but may be subject to change.		
The interest rate is set and managed by Lloyds Bank. Interest is calculated and paid to your account daily (unless otherwise agreed).		
¹ AER – The AER stands for Annual Equivalent Rate and is the notional rate, which illustrates the gross rate as if paid and compounded on an annual basis. As every advert for a savings product will contain an AER, you'll be able to compare more easily what return you can expect from your savings over time.		
² Gross Rate – Gross rate means that no tax will be automatically deducted from interest on your behalf. You are responsible for paying any tax due to HM Revenue and Customs.		

<https://www.lloydsbank.com/business/savings/notice-accounts.html>

RECOMMENDATION(S):

That committee notes the report and recommends to Full Council to open a Lloyds 95 Day Notice Account and associated current account and transfers the New Burial Ground RFF amount in (part of s106 funds).

² www.fscs.org.uk