

This report will be made  
Public on 18 February 2022

# Hythe Town Council

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Report number **F&GP/27/21**

To Hythe Town Council  
Date 31 January 2022  
Status **Non Exempt**  
Responsible officer **Town Clerk**

Subject **ADDITIONAL SAVINGS ACCOUNTS REPORT F&GP/27/21**

**SUMMARY:** This report provides information of four options for additional savings accounts to transfer funds from the Unity Trust Bank account currently over £85k.

## **REASON FOR RECOMMENDATION:**

The Committee is asked to agree the recommendations set out below because;-

- a) The Council is committed to control and manage its financial affairs in accordance with The National Association of Local Councils (NALC) guidelines.

## **RECOMMENDATIONS:**

1. To receive and note the report F&GP/27/21
2. To recommend and adopt three business savings accounts from option A, B, C or D as set out below
3. To instruct the RFO to organise and complete an application to open three business savings accounts with the recommended banks
4. To authorise the RFO to vire £75,000 each to the three chosen banks from Unity Trust Bank over £85k, once the first half of the precept has been received

## **INTRODUCTION**

There are four business savings account options for Hythe Town Council to transfer £75,000 of funds in each savings account from the Unity Trust Bank currently well over £85k. The purpose of having three additional business savings accounts is to secure and protect the Council funds by splitting the funds to different business savings accounts so that it is protected by the Financial Services Compensation Scheme (FSCS) of up to £85k per bank. The variable Annual Equivalent Rate (AER) should be taken into consideration to potentially earn healthy interest by the amount of funds deposited. Transactions from the savings accounts will have two signatories to authorise for additional security.

### **Option A – Council Saver Account (The Cambridge Building Society)**

Council Saver Account is FSCS Protected meaning up to £85,000 is protected. Council Saver Account will need to have an initial deposit between £1,000 and £2,500,000. The account must be opened with a cheque only, however, once registered, an online service is set up to manage the account. Signatories can be applied to the Council Saver Account with a minimum of two signatories to release transactions from the account. Available to withdraw a maximum of twice a month without incurring any fees and a notice is not required, benefit of this will be quicker withdrawals from the account. The variable interest rate is 0.20%, interest received are paid annually. Cambridge Building Society has been recommended by the internal auditor.

- Council Saver Account 0.20% AER can earn up to £150 interest

### **Option B – 95 Day Business Notice Account – (Hampshire Trust Bank)**

The 120 Day Business Notice Account is essentially a business savings account and is FSCS Protected meaning up to £85,000 money is protected. 120 Day Business Notice Account will need to have an initial investment within £5,000 - £750,000. After setting the account, the bank will need 95 days' notice before withdrawals can be released. Signatories can be applied to the account and available to withdraw and deposit unlimited number of times without incurring any fees. Currently all business savings account by Hampshire Trust do not provide online banking. The variable interest rate is 0.75%, interest received will be paid annually. Hampshire Trust Bank has also been recommended by the internal auditor.

- 120 Day Business Notice Account 0.75% AER can earn up to £562.50 interest

### **Option C – 95 Day Business Notice Account (Cambridge & Counties Bank)**

The 95 Day Business Notice Account is FSCS Protected meaning up to £85,000 money is protected. The 95 Day Business Notice Account will need to have an initial investment within £10,000 - £3,000,000. After setting the account, the bank will need 95 days' notice before withdrawals can be released. Signatories can be applied to the account and available to withdraw and deposit unlimited number of times without incurring any fees. Cambridge & Counties Bank has an online banking set up. The variable interest rate is 0.85%, interest received will be paid monthly.

- 95 Day Business Notice Account 0.85% AER can earn up to £637.50 interest

## **Option D – 95 Day Notice Account (Co-operative Bank)**

Commercial banks such as Co-operative Bank is FSCS Protected but will need to register for a business current account in order to register for a business savings account. Having another current account will incur bank charges and will not gain any interest. The variable interest rate is 0.12%, interest received will be paid monthly.

- 95 Day Notice Account (Co-operative Bank) – 0.12% AER, can earn up to £90 interest

## **SUMMARY**

The result of having three additional savings accounts will give the Council protection of up to £85k if the banks go out of business. Funds from Unity Trust Bank account is over the limit protected therefore the Council recommends to transfer £75,000 each to the recommended savings accounts. Unity Trust Bank will be the nominated account for deposits and withdrawals for the three business savings accounts.

Once the first half of the precept of £184,838 is received in April, this too will increase the balance at Unity Trust so a third account will be required.

## **RISK MANAGEMENT**

A summary of the perceived risk follows;

**Perceived Risk** Council funds are not FSCS Protected

**Risk** High

**Likelihood** Low

**Preventative Action** Town Clerk and Responsible Financial Officer to set up additional savings accounts that are FSCS Protected.

## **CONTACT OFFICER**

If you have any queries about this report, please contact The Town Clerk and the Responsible Financial Officer of the Council

Tel: 01303 266152 or email [clerk@hythe-tc.gov.uk](mailto:clerk@hythe-tc.gov.uk) prior to the meeting.