

Agenda item 24.24 1

Subject: Interest on credit balances

1. Background

- 1.1 The Parish Council is limited in ways it can increase revenue streams other than via the precept.
- 1.2 Since the financial crash of 2008, banks have been paying very low interest rates, if any at all.
- 1.3 The banking sector has started to pay interest on deposit accounts

2. Current situation

- 2.1 The Parish Council has deposit accounts with Nat West PLC and Unity Trust Bank
- 2.2 Neither bank pays interest on current accounts.
- 2.3 Nat West is paying 1.45% on the Business Bonus Saver as at 31st March 2024. Instant Access.
- 2.4 Unity Trust Bank is paying 2.75% on the Instant Access Account (deposit) as at 31st March 2024
- 2.5 Nat West paid £49.26 for April 2024
- 2.6 Unity Trust Bank pays interest quarterly. £280.84 received 31st March 2024

3. Higher paying accounts

3.1 Nat West offers:

- 35 day notice account at 3.20%
- 95 day notice account at 4.17% reducing to 3.69% on 15 July 2024
- Both are variable interest rates

3.2 Unity Trust Bank offers:

- Fixed rate 4.90% 18 months, min deposit £50,000.00
- Fixed rate 5.00% 24 months, min deposit £50,000.00

4. Recommended action:

- 4.1 Authorise the Clerk actively manage balances between existing deposit and current account to maximise earning potential
- 4.2 Consider opening further accounts paying higher rates of interest for Earmarked Reserves taking into account the probability in needing the funds at short notice. Utilising Nat West & Unity Trust Bank should make the account opening process quicker as the Council already has a business relationship with them.

5. Other possible action

- 5.1 Consider seeking accounts with other institutions
- 5.2 Consider investment options including the higher risk/reward situation.