Report to:- Littleham and Landcross Parish Council

Report of:- M. Norton Parish Clerk

Subject:- Interest earning account for surplus funds

Background:-

Littleham and Landcross Parish Council are charged £4.25 per month (£51 annually) on it's current account held with Lloyds Bank. At the October meeting of the parish council the clerk was asked to investigate whether these bank charges could be offset by opening an interest earning account.

Options Considered:-

As a parish council there are limited options available without considering a complete change of bankers.

1). With our own bankers Lloyds Bank the only realistic option is to consider the Instant Access Account that returns 0.5%. If we assume that on average we may have £8,000 in surplus funds to invest then this would return £40 in annual interest.

2). The Hinckley and Rugby Building Society (H&RBS) have a Local Council Easy Access Account and this returns 1.65%. Whilst easy access there would still be a delay between requesting and receiving funds and I would not recommend placing all surplus funds there, perhaps £5,000 which would return £82.50 in a full year.

3). A combination H&RBS and Lloyds. Place £5,000 with H&RBS and £3,000 with Lloyds would generate £97.50 (£82.50+ £15.00)

Other Considerations

Administration setting up and maintaining bank mandates (signatories etc.) with more than one institution.

Conclusion

Whilst returns are not great it is possible to offset most (or all) of the parish council's bank charges by taking one of the options above.