LYNEHAM AND BRADENSTOKE PARISH COUNCIL

Addendum to Reserves Policy 2023
Investment of Reserve Funds – FSCS Compliance and Higher-Interest Placement

Adopted: [Date to be inserted]

Review: Annually with Reserves Policy or on change of FSCS rules/legislation

1. Purpose

This addendum supplements the Reserves Policy 2023 by detailing the investment strategy for the Council's reserve funds (approximately £200,000) and operational monies (approximately £100,000 fluctuating annually). The primary objectives are:

1. To ensure full compliance with the Financial Services Compensation Scheme (FSCS) by limiting deposits to **£85,000 per banking licence** in any single institution.
2. To maximise interest earned on infrequently accessed funds whilst maintaining adequate liquidity.
3. To safeguard public funds in accordance with proper practices and the Council's Financial Regulations 2025-6.

2. FSCS Protection for Parish Councils

The FSCS protects eligible deposits of up to **£85,000 per depositor per banking licence**. Parish Councils are classified as **"small local authorities"** and are eligible for FSCS protection provided the council's annual turnover is below €500,000 (approximately £420,000).

Lyneham and Bradenstoke Parish Council meets this criterion and is therefore fully covered.

(Source: Wiltshire Association of Local Councils briefing June 2024 and Dorset APTC FSCS guidance – both confirm parish councils are eligible depositors.)

3. Current Funds Summary (as at 08 November 2025)

1. **Total Reserves**: £200,000 (forecast post pending charges)
2. CIL Reserves: £115,000
3. General Reserves (including £30,000 long-term contingency): £85,000
4. **Operational monies** (fluctuate £70k–£130k): £100,000 average
5. Annual budget requirement: £70,000
6. Operating contingency: £15,000
7. Balance held for payments in progress: £15,000

Maximum exposure rule: No more than **£85,000** in any single banking licence.

4. Approved Banking Institutions and Allocation

The Council resolves to distribute funds across **four separate banking licences** to achieve FSCS protection and higher interest:

INSTITUTION	LICENCE	ACCOUNT TYPE	MAXIMUM DEPOSIT	PURPOSE & FUNDS ALLOCATED	NOTICE PERIOD	EXPECTED INTEREST RATE*
UNITY TRUST BANK **(MAIN BANKER)** WWW.UNITY.CO.UK/BUSINESS-BANKING	Unity Trust Bank	Instant Access + Current Account	£85,000	Day-to-day operations & operating contingency	Instant	0.50%–1.00% variable
CAMBRIDGE & COUNTIES BANK CCBANK.CO.UK	Cambridge & Counties Bank	90-day Notice	£85,000	Long-term contingency + portion of CIL	90 days	**Up to 4.10%**(90-day)
HAMPSHIRE TRUST BANK (HTB) WWW.HTB.CO.UK/BUSINESS/SAVINGS	Hampshire Trust Bank	30-day Notice	£85,000	Medium-term reserves (remainder of CIL/General)	30 days	**Up to 4.35%**(35-day)
HINCKLEY & RUGBY BUILDING SOCIETY – LOCAL COUNCIL EASY ACCESS DEPOSIT WWW.HRBS.CO.UK/SAVINGS-PRODUCTS/LOCAL-COUNCIL-EASY-ACCESS-DEPOSIT	Hinckley & Rugby Building Society	Easy Access	£85,000	Initial overflow + future contingency/CIL growth	Instant/1 day	**3.75%–4.00%**variable

*Interest rates correct as at 08 November 2025 – rates to be checked quarterly by the RFO.

Detailed Initial Allocation (from November 2025):

1. **Unity Trust Bank – £85,000 maximum**
2. £70,000 annual operational budget
3. £15,000 operating contingency
4. Split between current account (for payments) and instant-access deposit account.
5. **Cambridge & Counties– £85,000**
6. £30,000 long-term contingency
7. £55,000 CIL reserves
8. Placed in **90-day notice account** for highest rate.
9. **Hampshire Trust Bank (HTB) – £75,000**
10. Remaining £50,000 CIL + £25,000 General Reserve
11. Placed in **30-day/35-day notice account**.
12. **Hinckley & Rugby Building Society (HRBS) – £10,000 initial deposit**
13. £10,000 from CIL reserves (future growth buffer).
14. Account to be activated immediately and used for additional CIL receipts expected in 2026/27.

5. Signatories and Electronic Banking

1. All higher-interest accounts will be linked electronically to the **Unity Trust Bank current account** for seamless transfers (where the provider allows).
2. **Transfers FROM Unity Trust Bank** to higher-interest accounts require dual authorisation in Unity (as per existing mandate).
3. **Withdrawals FROM higher-interest accounts back to Unity Trust Bank** do **not** require dual authorisation if the provider restricts withdrawals to the linked Unity account only (this is the preferred arrangement for security and efficiency).
4. Where the provider nevertheless requires two signatories on the higher-interest account, they shall be:
5. **Elizabeth Martin (Clerk) [EM]** and **Chair** (or in their absence, **Vice-Chair** or nominated councillor).

6. Procedures

a. The Responsible Financial Officer (RFO/Clerk) shall:

1. Monitor balances monthly and report any breach or near-breach of the £85,000 limit to the next Council meeting.
2. Transfer funds between institutions to maintain compliance and optimise interest.
3. Provide a quarterly investment report showing balances, interest earned, and FSCS coverage.

b. Interest earned shall be credited to General Reserves unless earmarked (e.g., CIL interest remains CIL).

c. Any new banking institution must:

1. Be FSCS-protected.
2. Offer linking to Unity Trust Bank with withdrawal restricted to the Unity account.
3. Be approved by full Council resolution.

7. Review and Monitoring

This addendum forms part of the Reserves Policy and shall be:

1. Reviewed **annually** at the May meeting alongside the Reserves Policy.
2. Reviewed **immediately** if FSCS rules or legislation change.

Recommendation: That Council adopts this addendum with immediate effect and authorises the Clerk to:

(i) open the three higher-interest accounts listed above,

(ii) place the initial £10,000 in Hinckley & Rugby Building Society, and

(iii) implement the signatory arrangements detailed in section 5.