

POLICY AND RESOURCES COMMITTEE

24th July 2023

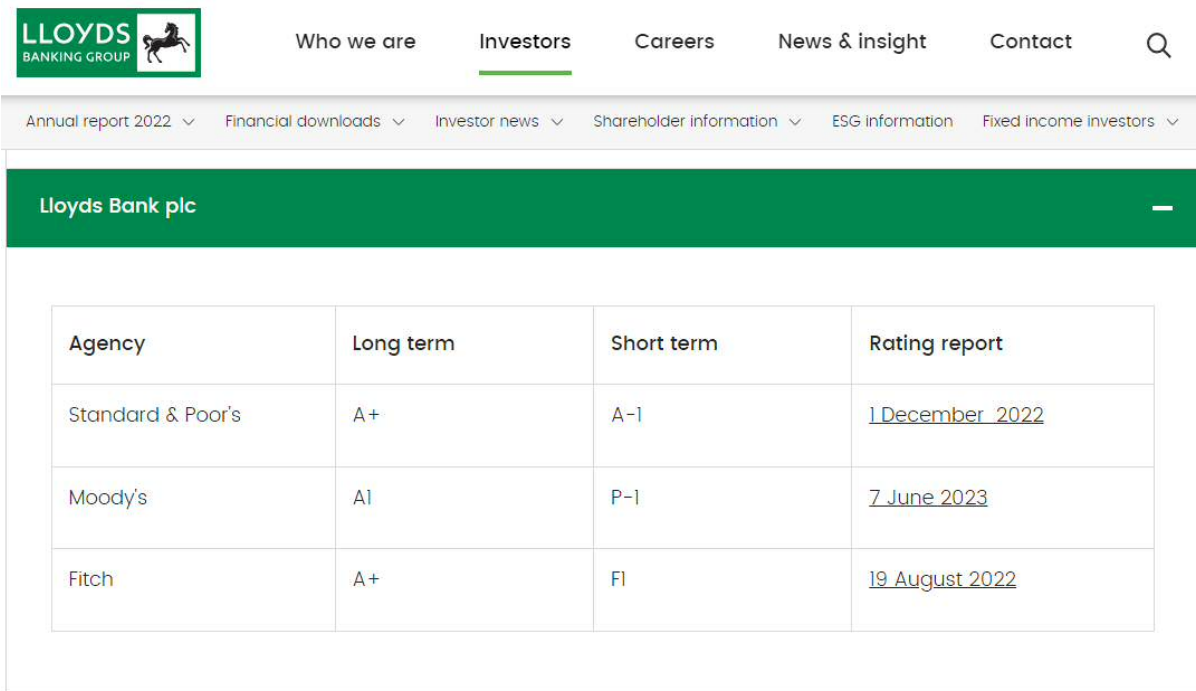
Fixed Term Deposit

The Council currently has £200,000 of its reserves in a Fixed Term Deposit account with its bank, Lloyds Bank plc.

This matures on 31st July 2023.

With interest rates rising, it is recommended to continue with this short-term investment for a further six months. The current rate offered is 3.3%. Full details of the deposit account are attached.

In accordance with the Council's Investment Strategy, this is a short-term investment and Lloyds Bank have a good credit rating. The cash flow of the Council can easily accommodate this investment.



The screenshot shows the Lloyds Banking Group website navigation menu with 'Investors' selected. Below the navigation is a dropdown menu for 'Lloyds Bank plc' which contains a table of credit ratings from three agencies: Standard & Poor's, Moody's, and Fitch. The table lists long-term and short-term ratings along with links to the most recent rating reports.

| Agency | Long term | Short term | Rating report |
|-------------------|-----------|------------|---------------------------------|
| Standard & Poor's | A+ | A-1 | 1 December 2022 |
| Moody's | A1 | P-1 | 7 June 2023 |
| Fitch | A+ | F1 | 19 August 2022 |

It is **recommended** to delegate officers to arrange the re-investment of the capital (£200,000) for 6 months from 1 August 2023. The interest to be received on the current deposit will be shown as investment income in the Council accounts.

Jonathan Parsons
Town Clerk



FIXED TERM DEPOSIT

PRODUCT INFORMATION FACTSHEET

As at: 23 June 2023

Quick Facts

| | |
|---|---|
| Product Type: | Deposit |
| Deposit Type: | Fixed Term |
| Interest Rate: | Fixed until the Maturity Date |
| Interest Calculation and Payment Frequency: | For Deposits up to 1 year in duration, interest is calculated using the Day Basis and paid on the Maturity Date. For Deposits over 1 year in duration, interest is calculated using the Day Basis and paid on each anniversary of the Deposit's Value Date and on the Maturity Date. † |
| Minimum Deposit Amount: | 10,000 (£ / € / \$)* |
| Maximum Deposit Amount: | 5,000,000 (£ / € / \$)* |
| Minimum Duration: | Overnight (1 Day) |
| Maximum Duration: | 3 years [†] |
| Statement Frequency: | None |
| Eligibility Requirements: | Open to businesses with an annual turnover of £0 - £25million. |

* Larger or smaller amounts (and in other currencies) may be available on request /at Our discretion.

† Unless otherwise agreed.

Definitions

- FTD: Fixed Term Deposit.
- Day Basis: Calendar days / 365 for Sterling (GBP) or 360 for Euros (EUR) and US dollars (USD).
- Interest Rate: Fixed rate of interest that will apply to your FTD.
- Lloyds Bank/ We/Us/Our: Lloyds Bank plc.
- Maturity Date: Date that all funds due are paid into your Nominated Account.
- Principal: Amount of funds that are paid into your FTD.
- Value Date: Working day that cleared funds are received from you.
- Working Day: Any day (excluding Saturday and Sunday) on which the banks in London are open for business.
- Nominated Account: Any relevant current account held with Us, which has been chosen by you for the purpose of transfers from/to your FTD[†].

Key Features

- Available in Sterling (GBP), Euros (EUR) and US Dollars (USD). Other currencies may be available on request.
- Interest Rate, Principal, Value Date and Maturity Date agreed when opening.
- Interest Rate is fixed.
- For deposits with a term of less than 1 year, the Principal and any interest is paid to your Nominated Account on the Maturity Date.
- For deposits with a term of more than 1 year, We will pay interest on an annual basis. The Principal and any remaining interest will be paid to your Nominated Account on the Maturity Date.
- If you have access to Online for Business you can view and service your FTD online (GBP only).

Benefits

- Tailored to suit your needs.
- Earn a fixed rate of interest.

Risks

- You can't cancel an FTD or make any withdrawals prior to the Maturity Date. This means that your financial position must allow you to be able to cover any cash flow needs you may have during the fixed term.
- You can't add funds to an existing FTD.

Placement / Maturity of FTD

- Opened over the phone or online.
- In order to open an FTD, you will need to have a Nominated Account with Us, unless otherwise agreed. This Nominated Account will be used as your settlement account and a Trade ID will be provided for your new Fixed Term Deposit as this is a money market deal.
- Your FTD will be opened in the same name as your Nominated Account.
- No more funds can be added once your FTD is agreed.
- More than one FTD can be opened.
- Confirmation will be issued to you for each FTD that you place with Us. This will confirm the Interest Rate, Principal, Value Date, Maturity Date and the Interest amount due at maturity.
- No statements will be issued.
- The FTD starts from the agreed Value Date. You must have funds available on this date. A delay in the receipt of funds may result in a loss of interest on your FTD.
- On the Maturity Date, We will transfer the Principal and any interest to your Nominated Account. This instruction can be changed prior to this date. Any instructions received on or after this date will not have any effect.
- You can opt in to have the final balance on your FTD automatically reinvested into a new FTD for the same duration. In this case, your new FTD will be placed at the prevailing market Interest Rate on the Maturity Date. Remember that Interest Rates can go down as well as up.

Important Information

- Your FTD is subject to Us receiving all necessary documentation and carrying out internal checks.
- We reserve the right to reject an application.
- Terms and Conditions apply which you should read carefully. These can be found at www.lloydsbank.co.uk/generalterms & www.lloydsbank.co.uk/cbmarkets-deposit-terms
- Interest on your FTD is paid gross with no tax deducted.
- You are responsible for ensuring that payment is made to the relevant revenue authorities for any tax liability due in respect of your FTD. However, We reserve the right to withhold tax from any amount that We pay to you. We may be required to report from time to time to regulatory or other authorities, details of any information We hold in respect of your FTD. We reserve the right to do so without any further notice to you.

Need some extra help or support? We want all of Our customers to have an excellent service. Whether you need some help understanding the product or any other support, please call Us. We will always do whatever we can to help.

Summary Box

Account Name ▪ Fixed Term Deposit

What is the Interest Rate? ▪ A fixed rate of interest will apply to your Account.
▪ The below table shows the Interest Rates currently available on some of Our standard Fixed Term Deposits

| Term | Gross Rate p.a. | AER |
|-----------|-----------------|---------------|
| 3 months | 1.80% (fixed) | 1.81% (fixed) |
| 6 months | 3.30% (fixed) | 3.33% (fixed) |
| 9 months | 3.35% (fixed) | 3.36% (fixed) |
| 12 months | 3.40% (fixed) | 3.40% (fixed) |

- The Interest Rates stated above were set on 23/06/2023 but may be subject to change.
 - More information on Our Interest Rates is available on Our website www.lloydsbank.com/business/savings
 - We only display standard terms online for Fixed Term Deposits. If you would like to apply for bespoke term lengths or you need specific start and end dates for your deposit, please call us on 0345 305 5555. We are available 8am to 5pm, Monday to Friday.
 - Interest is calculated by reference to the Interest Rate which is fixed for the term until the Maturity Date using the Day Basis.
 - Interest is paid at the end of the agreed term.
 - **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 will be able to compare more easily what return you can expect from your savings over time.
 - **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.
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Can Lloyds Bank change the Interest Rate? ▪ No. The Interest Rate is fixed.

What might the future balance be? ▪ An illustration of an estimated future balance based on a range of terms is shown below.

| Initial Deposit | Term | Gross Rate p.a. | Final Balance |
|-----------------|-----------|-----------------|---------------|
| £10,000.00 | 3 months | 1.80% (fixed) | £10,044.88 |
| £10,000.00 | 6 months | 3.30% (fixed) | £10,165.45 |
| £10,000.00 | 9 months | 3.35% (fixed) | £10,251.48 |
| £10,000.00 | 12 months | 3.40% (fixed) | £10,340.00 |

- We worked this out by assuming that:
 - You make your first deposit payment on the day the FTD is opened.
 - Interest is paid on the Maturity Date.
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How do I open and manage my FTD? ▪ You can open your FTD online or over the phone.
▪ You can manage your FTD online, over the phone or by email.

Can I withdraw money? ▪ No withdrawals are allowed.
▪ On the Maturity Date, the Principal and any interest will be paid to your Nominated Account, unless otherwise agreed with you.

Additional information ▪ No more funds can be added once your FTD is agreed.

COMPENSATION ARRANGEMENTS

Eligible deposits with Lloyds Bank plc are protected by the Financial Services Compensation Scheme (FSCS).

Further information about the scheme (including the amounts covered and eligibility to claim) can be obtained from the FSCS via its website www.FSCS.org.uk or by calling the FSCS on 0207 741 4100 or 0800 678 1100.

IMPORTANT INFORMATION

This document has been prepared by Lloyds Bank plc ("Lloyds Bank") for information purposes only. This document describes the product and summarises the key risks and benefits associated with making a deposit of this nature. Any terms, including rates that may be contained herein are indicative only. The rates offered and the other financial terms of this deposit are only agreed when you make the deposit with us. If you receive information from us which is inconsistent with other information which you have received from us, you should refer this to your Lloyds Bank Sales representative for clarification.

Lloyds Bank acts as your deposit taker under this deposit and solely in a principal capacity. Not all investments will fulfil your requirements. You should be aware that any investment which you enter into with us is, in the absence of any written agreement to the contrary, on the basis that you are able to make your own independent assessment and decision as to your requirements and whether that investment fulfils those requirements. Your decision will be based on your own knowledge and experience and any professional advice which you may have sought in relation to the financial, legal, regulatory, tax or accounting aspects of the proposed investment.

Lloyds Banking Group plc and its subsidiaries may participate in benchmarks in any one or more of the following capacities; as administrator, submitter or user. Benchmarks may be referenced by Lloyds Banking Group plc for internal purposes or used to reference products, services or transactions which we provide or carry out with you. More information about Lloyds Banking Group plc's participation in benchmarks is set out in the Benchmark Transparency Statement which is available on our website.

Lloyds Bank is a trading name of Lloyds Bank plc which is a subsidiary of Lloyds Banking Group plc. Lloyds Bank plc's registered office is at 25 Gresham Street, London EC2V 7HN and it is registered in England and Wales under no. 2065. Lloyds Bank plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 119278. (05.18).

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

If you have a hearing or speech impairment you can use Relay UK. More information on Relay UK Service can be found at relayuk.bt.com

Contact us

Should you have any queries:



Please contact your Relationship Team



Go to lloydsbank.com/business/savings