

Report to Full Council

Savings Bond Renewal / Reinvestment Decision

1. Purpose of Report

To seek Full Council ratification of the Finance Committee's recommendation regarding the renewal / retention of the Council's savings bond investment.

2. Background

The Council currently holds £90,000 in a savings bond. As the bond has reached the point at which the Council must decide whether to retain the investment with the current provider or transfer the funds to an alternative institution, the matter was considered by the Finance Committee.

The Finance Committee reviewed the available options, including the potential financial return from moving the funds to an alternative provider offering a higher rate of interest.

3. Finance Committee Recommendation

At its meeting held on **23rd June 2026**, the Finance Committee considered the options available in respect of the Council's savings bond and resolved to recommend that the investment remains with the current provider.

4. Basis of Recommendation

In considering the available options, the Finance Committee noted that:

- an alternative provider may offer an interest rate approximately **0.5% higher** than the current provider;
- based on the sum invested, the additional return is estimated to be approximately **£500** over the investment term;
- transferring the investment to a new provider would require the closure of the existing arrangement and the completion of a new application and mandate process;
- this would involve additional administrative work for officers and councillors, including the completion of account opening documentation and signing requirements; and
- in the view of the Committee, the administrative burden and inconvenience involved in moving the funds was disproportionate to the relatively modest financial gain.

The Committee therefore concluded that, in the circumstances, it was reasonable and proportionate to retain the investment with the current provider, notwithstanding the slightly lower interest rate.

5. Financial Implications

The recommended option would result in the Council receiving a slightly lower rate of interest than may be available elsewhere, with the difference estimated at approximately **£500** over the relevant period.

However, the Finance Committee considered that this difference does not justify the administrative time and practical inconvenience associated with transferring the investment to a new provider.

6. Legal / Governance Implications

The Council has a duty to manage public funds responsibly and to have regard to security, liquidity and yield when making investment decisions. As the Finance Committee does not have delegated authority to make this decision on behalf of the Council, its recommendation must be ratified by Full Council.

7. Options

Full Council may: 1. ratify the Finance Committee's recommendation and retain the savings bond with the current provider; or 2. decline to ratify the recommendation and request that alternative investment options be pursued.

8. Recommendation

It is recommended that Full Council ratifies the recommendation of the Finance Committee and agrees that the Council's savings bond remains with the current provider on renewal / reinvestment, notwithstanding the slightly lower rate of interest available elsewhere, on the basis that the marginal financial gain from transferring the funds does not justify the administrative burden and inconvenience of moving the investment.