

HASSOCKS PARISH COUNCIL

Committee Meeting	Full Council
Report of:	Parish Clerk
Date:	10 February 2026
Subject:	Investments – Agenda item 9.5

Recommendation

- 1) Members of the Council are asked to authorise the Clerk to proceed with applications to invest
 - a) £350,000 in NS&I Income Bonds and
 - b) £120,000 in the CCLA (Churches, Charities & Local Authorities) Public Sector Deposit Fund

Introduction

All Council funds are currently held in a Barclays Current Account, Unity Trust Bank Account and a Barclays Business Premium Account which offers 1.1% interest, to be reduced to 1.05% on 24 March 2026.

In January, the Council adopted an Investment Policy and Annual Investment Strategy which provides a framework for future investments. The aim of the strategy is to reduce risk, achieve a reasonable rate of return and ensure there are sufficient funds available to meet cashflow requirements.

The strategy states that the Council must consider security, liquidity and yield (in that order). Deposits must be made in £ sterling in UK registered banks or building societies covered by the Financial Services Compensation Scheme (FSCS), with credit ratings of BBB- (or equivalent) or higher.

The Council must hold a minimum of approx. £105,000 (3 months estimated expenditure) in instant or 30-day access accounts and must limit non-specified investments to approx. £125,000 (25% of Council Reserves). Any fixed term investments for 12+ months must be approved by the Policy, Communications and Resources Committee.

Background Research

19 financial institutions were considered to determine whether they comply with the policy requirements, including the Council's current bankers (see Table 1).

Seven banks and building societies are not considered suitable as they do not have public credit ratings from Moody's, S&P, or Fitch. Five banks and building societies were discounted as they only offer savings accounts to customers with current accounts (which are not needed and would create additional bureaucracy). Nationwide has suspended applications due to a merger with Virgin Money and Handlesbanken requires a minimum deposit of £250k on a 3-month fixed term with 2.72% Interest, which is more restrictive and less profitable than the recommended funds.

Conclusion

As a result of this research, it is recommended that the Council opens two new investment accounts (CCLA and NS&I) and distributes funds as follows:

Institution	Interest Rate Gross AER	Access	Minimum Deposit	Savings	Potential Earnings
Unity Trust Bank	0.00%	Instant	£1	£60,000	£ -
Barclays Current Account (2114)	0.00%	Instant	£1	£5,000	£ -
Barclays Business Premium (3548)	1.05%	Instant	£1	£120,000	£1,327
NS&I Income Bonds	3.26%	Instant	£500	£350,000	£11,726
CCLA Public Sector Deposit Fund	3.89%	Instant	£25,000	£120,000	£4,765

- Up to £185,000, sufficient funds to cover approximately six months expenditure, in the Unity Trust bank and the Barclays accounts. These accounts are already set up for internet banking and day to day business transactions. The Precept is paid into the Business Premium account in April and September each year.
- £350,000 to be invested in NS&I Income Bonds which is roughly equivalent to the Earmarked Reserve. These funds are instant access so can be drawn upon to fund project expenditure as needed. NS&I Income Bonds are normally personal products so Councils and other organisations must open them in a trustee capacity. It is proposed that the Clerk/RFO and Chair hold the account on behalf of Hassocks Parish Council, as the beneficiary. NS&I Income Bonds are Specified Investments (so there is no policy limit on the amount that can be invested). They do not have FSCS protection but they are 100% backed by HM Treasury, meaning the UK Government guarantees all deposits.
- £120,000 to be invested in the CCLA Public Sector Deposit Fund (PSDF) which is roughly equivalent to the General Reserve. These funds are instant access so could be drawn on immediately in case of emergency. The CCLA PSDF is a Non-Specified Investment so the amount that can be invested is limited to a maximum of £125,000. The PSDF was launched in May 2011, at the invitation of the Local Government Association, in response to the Icelandic banking crisis. The fund is not covered by the FSCS, but it has a AAmmf credit rating by Fitch (highest possible rating) and is UK regulated, subject to the FCA COLL Regulations ("COLL"). The Fund is managed on a very conservative basis only using plain cash products and instruments with well rated banks. There is no exposure to the stock market, derivatives, other funds or asset backed securities.

Table 1

Institution	Credit Rating	Ownership	FSCS Protection
Unity Trust Bank	Fitch BBB-	Independent, SME-focused bank	Yes
Barclays Current Account (2114)	Fitch A+, Moody's A1, S&P A	Barclays plc	Yes
Barclays Business Premium (3548)	Fitch A+, Moody's A1, S&P A	Barclays plc	Yes
NS&I Income Bonds	None	HM Government	No
CCLA Public Sector Deposit Fund	AAAmmf	Mutually owned firm of investment managers, owned by LAMIT (Local Authorities Mutual Investment Trust), the Church of England (Central Board of Finance) Investment Fund and the Charities (COIF) Investment Fund.	No
Handlesbanken	Fitch AA, S&P AA-	Public company (Sweden)	Yes
Nationwide Building Society	Fitch A+, Moody's A1, S&P A+	Member-owned mutual	Yes
Virgin Money	Fitch A (LT IDR)	Owned by Nationwide	Yes
HSBC UK Bank	Fitch AA-, Moody's A1, S&P A+	HSBC Holdings plc	Yes
HSBC UK Bank			
NatWest Bank	Fitch AA-, Moody's A1, S&P A+	NatWest Group plc	Yes
Lloyds Bank	Fitch AA-, Moody's A1, S&P A+	Lloyds Banking Group plc	Yes
Santander UK	Fitch A+, Moody's A1, S&P A	Banco Santander S.A.	Yes
Co-operative Bank	Moody's A3 (bank), Baa2 (holdings)	Owned by Coventry Building Soc	Yes
Hampshire Trust Bank	No external rating	Privately owned	Yes
Oxbury Bank	No external rating	Privately owned	Yes
Redwood Bank	No external rating	Privately owned	Yes
United Trust Bank	No external rating	Privately owned	Yes
Cambridge & Counties Bank	No public rating	50% Trinity Hall, 50% Cambridge LGPS	Yes
Cambridge Building Society	Unrated	Mutual building society	Yes
Hinckley & Rugby Building Society	Unrated	Mutual building society	Yes