



BANK ACCOUNT

TOWN COUNCIL MEETING

REPORT 28/25

9 JUNE 2025

The purpose of this Report is to provide Members with information on an option to open a six-month fixed term deposit account with Unity Trust Bank

No. DETAIL

1) BACKGROUND

- a) Ventnor Town Council currently has two bank accounts; both with HSBC. One is a “Business Account” which provided day-to-day current account services. The other is a deposit account, offering an interest rate of 1.62% AER.
- b) In April each year, VTC receives the full year’s precept in one payment via the Isle of Wight Council. For the current Financial Year, the precept totalled £599,033. This is immediately transferred to the deposit account to make the most of the interest available.

2) UNITY TRUST BANK ACCOUNT

- a) Various Town & Parish Councils use Unity Trust Bank for deposit accounts. They offer various products, with their 6-month Fixed Term Account offering 4% AER.
- b) Details of the 6-month Fixed Term Account are attached for members’ information.
- c) It is worth noting that as well as the investment account, VTC would need to open a current account at the same time to service the high interest account. That account is free of charge.

3) AMOUNTS ACROSS BANK ACCOUNTS AND FORWARD PLANNING

- a) Currently, Ventnor Town Council’s two bank accounts hold a total of approximately £540,000
- b) Anticipated expenditure over the next 6 months is approximately £370,000, with income likely to be approximately £90,000.
- c) We will need to retain at least £260,000 in accounts with instant access. It would make sense to round this up to £300,000 just in case of unforeseen expenses – there is a good chance that we will receive three significant bills from the Isle of Wight Council over the course of the next few months relating to Ventnor Library and Grounds Maintenance at Ventnor Park.
- d) Therefore, it is suggested that VTC invest circa £240,000 into a 6-month fixed-term account with Unity Trust Bank.
- e) The additional interest paid (approximately £4,800) will help to resolve the poor level of reserves that VTC currently holds.

4) RECOMMENDATION

Members are recommended to:
consider opening a new bank account to take advantage of better interest rates available, with the same signatories as exist on the accounts VTC currently holds with HSBC. The exact amount to be held in this account to be determined by the Clerk/RFO.



Key Features

6 Month Fixed Term Deposit Account

6 Month Fixed Term Deposit Account

This document explains the account:

1. Key features.
2. Provides other important information about our 6 Month Fixed Term Deposit Account.

Please read this document carefully to ensure you understand this product and we recommend keeping it safe for future reference.

This document is supplementary to both the [General Terms & Conditions](#) and the [Fixed Term Deposit Account Terms and Conditions](#).

Important Information:

- There is a minimum account opening balance of £85,000.
- There is a maximum account limit of £20m
- There will be no early access to the funds, however we may consider allowing you to terminate the agreement early in exceptional circumstances, if we agree that you can end the agreement early the interest rate applied for the entire period to the whole balance will revert to the early closure rate of 2.25% AER.
- All Fixed Term Deposits require a Servicing Account. If you do not already hold either a Current Account or Instant Access Savings Account with Unity you will need to apply for an Instant Access Savings Account first. (this account is free of charge).
- We do not provide financial advice to our customers, and you are not entitled to rely on us for advice or recommendations.
- All account opening requests are subject to eligibility criteria.

Advantages:

- There are no fees.
- We pay a fixed interest rate for a set period of time.
- Your eligible deposits with Unity Trust Bank are protected by the Financial Services Compensation Scheme up to a total of £85,000.



How it works

Summary Box			
Account Name	6 Month Fixed Term Deposit Account		
What is the Interest Rate? (Effective 9th December 2024)	Minimum Deposit	Gross Rate**	AER***
	£85k+	4.00%	4.00%
	*Interest rate is the fixed or variable rate of interest earned per year expressed as a percentage and which is subject to terms and conditions, may be varied or withdrawn by the Bank at any time and without notice.		
	** Gross Rate is the contractual rate of interest payable before the deduction of income tax at the rates specified by law.		
Can Unity Trust Bank change the interest rate?	*** AER stands for Annual Equivalent Rate and illustrates the interest rate if interest was paid and compounded each year.		
	Interest is credited at the end of the fixed term.		
	The interest rate is fixed for the term.		

How it works (continued)

Summary Box	
What would the estimated balance be after months based on a £85,000 deposit?	<p>A deposit of £85,000 at an annual Gross Rate of 4.00% (fixed) would generate an estimated balance of £86,700 after 6 months.</p> <p>This is for illustrative purposes only.</p>
How do I open and manage the account?	<p>To open an account you'll need to complete and sign the application form from here. The completed form will need to be printed and signed by all signatories in accordance with your bank mandate and sent to Customers Account Team, PO Box 7193, Planetary Road, Willenhall, WV1 9DG or emailed to us@unity.co.uk</p> <p>All Fixed Term Deposits require a Servicing Account. If you do not already hold either a Current Account or Instant Access Savings Account with Unity we will open an Instant Access Savings Account for you.</p> <p>This account is not designed for transactional banking, it cannot be used to make payments. At the end of the term, available funds will automatically transfer to your Unity servicing account. You can then transfer the funds to a different account.</p>



Summary Box

Can I withdraw my money?

- There will be no early access to the funds, however we may consider allowing you to terminate the agreement early in exceptional circumstances, such as but not limited to:
 - In the case of a sole trader or partnership, death of a signatory; or
 - The customer facing exceptional and unforeseen hardship.
- If we allow you to terminate the agreement early, we will transfer the funds to your servicing account 31 calendar days after receipt of your cancellation request. You will not be entitled to receive interest at the advertised rate, and instead the reduced rate of 2.25% shall apply to the whole balance for the period the account was open.
- At maturity, you can choose to reinvest your funds into a new Unity Savings Account or Term Deposit. If you do not let us know what you wish to do by the maturity date, your funds will automatically transfer into your Unity Instant Access or Current Account.

Additional Information

- To open an account, you must be a UK-based organisation.
- All applications are subject to eligibility criteria.
- There is a minimum account opening balance of £85k
- There is a maximum account opening balance of £20m

To see the full comparative table [click here](#) 