

Review of Banking Limits

1. Current Limits:

Up to £8m may be held from time to time with the council's bankers Lloyds to meet financial commitments as and when they are due.

In addition to the above, Lloyds can also be used as a counterparty for fixed term deposits, within the following conditions:

- The maximum single deal size is £5m
- The maximum holding is £10m per counterparty.

This gives current maximum exposure to Lloyds of £18m.

2. Current Cash requirements:

For 2022/23 approximately £92m will move through the council's bank account

This is broken down as follows:

<u>Receipts</u>	<u>£'000</u>
Council Tax	54,335
Business Rates	10,516
Housing Benefit	13,770
Government Grants	6,042
Other Income	7,456
	<u>92,119</u>

<u>Payments</u>	
Salary (incl Tax/NI/Pen)	9,086
Housing Benefit	12,172
Precept Payments	56,593
Creditors (including capital)	12,867
Other (P-Card/Cost of living Grants)	2,585
Covid Grants returned	5,153
	<u>93,303</u>

3. Cashflow Timings

The following payments can be required in a single month:

Salaries	800
Housing Benefit	1,000
Precept Payments (including parish)	6,000

Creditors	1,700
Business Rates Retention (Feb 2023)	<u>2,000</u>
	<u>11,500</u>
Cash Buffer	1,000
	<u>12,500</u>

The income in the month, will reduce the cash required in the bank, however this can be less significant in February/March, as most council tax is collected over 10 months.

4. Updating Limits

As shown above there can be a cash requirement of around £10m+, which will increase with inflation.

In addition to this the council has two large capital projects due to start in the near future:

- Environment Centre - £7.2m
- Appledore Clean Maritime Innovation Centre - £16m+

These will require significant payments being made at various stages of the builds.

Proposed change to limits with Lloyds:

- Keep the overall counterparty limit the same, i.e. £18m
- Reduce the fixed term treasury deposit limit to £5m (for Lloyds only)
- Increase the limit on the council's bank account to £13m