

Chigwell Parish Council

Finance & Governance Committee – Report to Full Council

Fund Flow Analysis and Management of Operational Cash Balances

The Finance and Governance Committee has considered in detail the attached Executive Summary and Fund Flow Analysis prepared by the Responsible Financial Officer covering the period December 2025 to March 2026. The Committee is satisfied that the proposals are sound, low risk and in the best financial interests of the Parish Council.

Members are asked to note that this report does not deal with earmarked reserves. Earmarked reserves are already set aside for specific projects and commitments and are held in interest bearing accounts. They will remain invested in that way. The Fund Flow Analysis instead relates to the Council's day to day operational money, including the precept as it is received and the general reserves that the Parish is required to hold for financial resilience.

At present a significant sum of this operational money is sitting in the Unity Trust current account earning no interest. The RFO's proposal simply stages the movement of surplus balances into suitable short term notice and instant access accounts so that the Council earns interest on money it is not immediately spending, while always keeping enough available in the current account to pay salaries, suppliers and other approved expenditure on time. The plan also keeps all balances within the updated FSCS protection limit of £120,000 per institution.

The Committee wishes to emphasise that this is a change in how the Council holds its existing operational funds, not an increase in spending or a change to the approved budget. It is a housekeeping measure to avoid unnecessary cash sitting idle, to strengthen the Council's general reserve position in advance of the 26/27 budget, and to ensure that members can demonstrate prudent stewardship of public money.

Having reviewed the figures and the timetable of transfers, and having taken assurance from the RFO that the Council will still be able to meet all of its monthly payment obligations, the Finance and Governance Committee recommends that Full Council approves the Fund Flow Analysis and adopts the cash management actions set out in the attached Executive Summary.

Recommendation: That Full Council adopts the RFO's Fund Flow Analysis for December 2025 to March 2026 and authorises the RFO to implement the proposed arrangements for managing the Council's operational cash balances.

Executive Summary – Fund Flow Analysis (Dec 2025 – Mar 2026)

Chigwell Parish Council – Finance & Governance Committee recommendation for Council to adopt

Prepared by the RFO | 05 December 2025

This Executive Summary outlines the Council's planned management of £547,493.96 in total funds during the period **December 2025 to March 2026**, with a focus on moving uninvested balances into interest-bearing accounts while remaining fully compliant with the updated **FSCS protection limit of £120,000 per financial institution**.

As of 1 December 2025, **£288,496.90** sat in the Unity Trust Current Account without earning interest. A staged action plan has been developed to redistribute these funds into short-term notice and instant-access investment accounts, ensuring liquidity for monthly payments while maximising returns.

Key Objectives

- Transfer surplus funds from the non-interest-bearing current account into higher-interest savings products.
- Maintain **up to £5,000** in the current account at all times for operational use.
- Ensure full FSCS protection across all institutions (£120,000 per bank).
- Provide predictable cash flow to meet monthly payment obligations.
- Strengthen reserves ahead of the 2026/27 budget.

Summary of Monthly Actions

December 2025

- Open new Cambridge 30-Day Notice account (3.80%), Unity Instant Access account (2.10–2.12%), and Unity EFDC project account.
- Notify Charity Bank of planned withdrawal for February.
- Transfer £255,000 into interest-earning accounts (Cambridge 30-Day, Unity Instant Access, Virgin 120-Day).
- **End-Dec funds earning interest: £513,997.16.**

January 2026

- Transfer £65,000 to cover approved payments.
- Serve notice on Cambridge 30-Day account for March withdrawal.
- **End-Jan funds earning interest: £450,012.84.**

February 2026

- Process approved payments; top-up current account as required.
- Receive £83,919.80 from Charity Bank and return it to interest-earning Instant Access.
- **End-Feb funds earning interest: £413,713.80.**

March 2026

- Receive £72,481.20 from Cambridge 30-Day Notice account, allocated for EFDC project expenditure.
- Final transfers completed to maintain interest-earning balances.
- **End-Mar funds earning interest: £279,239.68.**

FSCS Protection Compliance (as of 31 March 2026)

All funds remain within the £120,000 limit per banking institution:

- **Unity Trust Bank:** ~£41,643
- **Cambridge Bank:** £97,518.80
- **Virgin Money:** £50,000
- **Charity Bank:** £90,077.36

2026/27 Budget & Earmarked Reserves (EMR)

Projected General Fund Balance: **£144,239.68**

Proposed EMR creation: **£135,000**, allocated as follows:

- EMR – Cemetery Refurbishment: £50,000
- EMR – Habitat Works: £50,000
- EMR – CPC Legal: £35,000

These EMRs support upcoming capital works, legal provisions, and service improvements.

Conclusion

The proposed fund flow strategy ensures that Chigwell Parish Council maximises interest on available funds while maintaining liquidity for operational commitments. It also secures full banking protection under FSCS limits and strengthens reserves ahead of the 2026/27 financial year.

CHIGWELL PARISH COUNCIL – FUND FLOW ANALYSIS 2025/26

Based on the period from December 2025 to March 2026

Background

As of 01 December 2025, Chigwell Parish Council holds total funds of **£547,493.96**. Of this amount, **£258,997.16** is invested in various savings accounts which are generating interest, while **£288,496.90** is held in the Unity Trust Current Account, which does not generate interest.

Breakdown of existing savings accounts:

- **Charity Bank 40-Day Notice (3.06%)** – £88,997.16
- **Charity Bank 1-Year Fixed (3.71%)** – £85,000
- **Cambridge Bank 1-Year Fixed (4.25%)** – £85,000

Note: From 1 December 2025, the FSCS protection limit has increased to **£120,000 per institution**. Short-term investment accounts remain flexible, allowing withdrawals and top-ups as needed.

A detailed analysis covering December 2025 to March 2026 has been completed for the £288,496.90 held in the current account (see Background Fund Flow Report). Members are asked to consider the recommendations and follow the proposed action plan below.

PREDICTABLE CASH FLOW TO MEET MONTHLY PAYMENT OBLIGATIONS

December 2025

Actions

- **09/12/2025** – Set up payments approved by the F&G Committee on 09/12/2025.
- **10/12/2025** – Open a new **Cambridge Bank 30-Day Notice Account** (3.80% monthly interest). (*Note 1*)
- **10/12/2025** – Open a new **Unity Trust Instant Access Savings Account** (2.10–2.12%, variable). (*Note 1 & 2*)
- **10/12/2025** – Open a new **Unity Trust account** for the EFDC project. (*Note 1*)
- **12/12/2025** – Notify Charity Bank of withdrawal of **£83,919.80** from the 40-Day Notice Account. Funds expected on **13/02/2026**. (*Note 4*)

Subsequent Transfers (upon account opening)

- **22/12/2025** – Transfer **£85,000** to the Cambridge 30-Day Notice (3.80%) account.
- **By 22/12/2025** – Transfer **£120,000** to the Unity Trust Instant Access Savings Account.
- **By 22/12/2025** – Transfer **£50,000** to the Virgin Money 120-Day Notice Account (3.50%). (*Note 3*)

End-of-month position (31/12/2025):

Total funds generating interest: **£513,997.16**.

Unity Trust Current Account will be maintained at approximately **£5,000**, with any excess transferred to the Instant Access Savings Account.

January 2026

- **06/01/2026** – F&G Committee considers and approves the proposal payments report; funds transferred to the Current Account.
- **07/01/2026** – Transfer **£65,000** from the Instant Access Savings Account to the Current Account to process approved payments.
- **16/01/2026** – Notify Cambridge (30-Day Notice Account) of withdrawal of **£72,481.20**. Funds expected on **02/03/2026**. (*Note 5*)

End-of-month position (31/01/2026):

Total funds generating interest: **£450,012.84**.

Current Account balance maintained up to **£5,000**, with excess transferred to Instant Access Savings.

February 2026

- **10/02/2026** – Committee approves payments; transfer funds to the Current Account.
- **10/02/2026** – Transfer **£36,000** from the Instant Access Savings Account to the Current Account.
- **13/02/2026** – Receive **£83,919.80** from Charity Bank (40-Day Notice).
- **13/02/2026** – Transfer **£83,919.80** from the Current Account to the Instant Access Savings Account.

End-of-month position (28/02/2026):

Total funds generating interest: **£413,713.80**.

Balances:

- Unity Trust Instant Access – **£102,919.80**
- Cambridge 30-Day (3.80%) – **£85,000**
- Cambridge 1-Year Fixed (4.25%) – **£85,000**
- Virgin Money 120-Day (3.50%) – **£50,000**
- Charity Bank 40-Day (3.06%) – **£5,077.36**
- Charity Bank 1-Year Fixed (3.71%) – **£85,000**

Current Account again maintained up to **£5,000**.

March 2026

- **02/03/2026** – Receive **£72,481.20** from Cambridge 30-Day Notice Account.
- **02/03/2026** – Transfer **£72,481.20** to the Instant Access Savings Account. (*Note 6*)
- **10/03/2026** – F&G Committee approves proposal payments and transfers funds to the Current Account.
- **10/03/2026** – Transfer **£40,000** from the Instant Access Savings Account to the Current Account.

End-of-month position (31/03/2026):

Total funds generating interest: **£279,239.68**.

Current Account maintained up to **£5,000**.

FSCS Protection Compliance (as of 31 March 2026)

All funds remain protected under the **£120,000 per institution** limit.

Balances by Institution**Unity Trust Bank**

- Instant Access Savings – **£41,643.52** (estimated)

Cambridge Bank – Total £97,518.80

- 30-Day Notice (3.80%) – **£12,518.80**
- 1-Year Fixed (4.25%) – **£85,000**

Virgin Money Bank

- 120-Day Notice (3.50%) – **£50,000**

Charity Bank – Total £90,077.36

- 40-Day Notice (3.06%) – **£5,077.36**
 - 1-Year Fixed (3.71%) – **£85,000**
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Budget 2026/27 and EMR Reserves – Proposal and Recommendations

- **Estimated General Fund Balance:** £144,239.68
- **Proposed creation of new EMRs:** £135,000

EMR	Purpose	Amount
EMR Cemetery Refurbishment	CEM	£50,000
EMR Habitat Works	HABIT	£50,000
EMR CPC Legal	CPC Legal	£35,000

Notes**Note 1 – New Accounts**

Applications will be straightforward as the Council is already a customer. Unity Trust allows up to three accounts. Cambridge Bank processes new applications within 5–7 days.

Note 2 – Unity Trust Instant Access Savings Account

Variable rate (2.10% Gross / 2.12% AER). Interest accrues daily and compounds quarterly. Unlimited withdrawals and deposits.

Note 3 – Virgin Money 120-Day Notice Account

Application submitted March 2024; account confirmed October 2025. Current rate: 3.50%.

Note 4 – Charity Bank Withdrawal Process

Requires a signed letter sent by email and post. Funds released after the notice period to the nominated account.

Note 5 – Cambridge Bank Withdrawal Process

Notice can be submitted online, by phone, or via emailed withdrawal slip.

Note 6 – EFDC Project Funding

The £72,481.20 will be transferred to the Unity Trust project account for EFDC tender payments (£60,401 EFDC + £12,080.20 CPC).