

**BRIDGNORTH TOWN COUNCIL
TOWN COUNCIL MEETING
21 JANUARY 2020**

RCW/2020

14 JANUARY 2020

REPORT TO TOWN COUNCILLORS

AGENDA ITEM 14 – BANKING ARRANGEMENTS – TRANSFERRING MONEY
BETWEEN ACCOUNTS

AIM

To consider amending the Town Council's bank mandates to permit an officer of the Council to move money between accounts; transferring monies from the Unity Trust Current account to the CCLA Deposit Fund and/or the Unity Trust Current account to Unity Deposit account

BACKGROUND

1. The Town Council's current bank mandates require 2 councillors to approve any electronic payments by logging in to the appropriate system and authorising payments set up by an officer (normally the RFO). The process is part of the internal audit system and designed to prevent fraud; such a process is considered appropriate.
2. The Town Council has a number of 'bank' accounts:
 - HSBC Current Account
 - HSBC Deposit Account
 - Unity Trust Account
 - Unity Trust Deposit Account
 - CCLA Investment Account

The HSBC account tends to hold the VAT refunds that the Council receives. It pays interest at 0.19%. It has during the course of the current financial year had a balance of between £274,000 and £313,000.

The Unity Trust bank account is the Council's day to day bank account through which all third party payments are made and into which general income is received. It pays no interest. It has during the course of the current financial year had a balance of between £194,000 and £700,000

The Unity trust Deposit account has no funds in it. It is able to pay interest (currently circa 0.4%) which rarely changes.

The CCLA investment account is a cash investment account and pays a variable rate of interest (currently circa 0.4%) which fluctuates depending on month-to-

month money markets. It currently has a balance of £200,000 with the interest being paid into the Unity Trust Current Account on a monthly basis. Funds can be accessed daily to and from a nominated account. In Bridgnorth Town Council's case the 'nominated' account is its Unity Trust Current Account.

3. The Town Clerk and RFO met recently with Mark Davies, a Relationship Manager from CCLA for a catch up meeting with regard to the CCLA account. It transpired that the Town Council is not making best use of the account. When the Unity current account has significant funds in it there would be some significant financial benefit to transferring funds to the CCLA investment account where it might earn interest.
4. Having large sums of money sat in non-interest paying accounts, when there are readily available deposit style accounts already operated by the Town Council is missing opportunities to save the Council tax payer money.

DISCUSSION/ COMMENT

5. It is estimated that an average (over a financial year) that the Council might reasonably hold at least a further £200,000 on deposit. Should it be able to obtain 0.4% on that figure then additional income of £800 (at 0.7% the income would be £1,400).
6. The Town Council will generally hold significant sums of money towards the beginning of the financial year by dint of the precept being paid to the Town Council in one lump sum.
7. In a best case scenario the Town Council might wish to maintain an end of day zero balance in its current accounts and each day top it/them up from an interest paying deposit account (i.e. CCLA investment fund or Unity Trust Deposit Account). This would ensure that the maximum benefit from available interest paying account is achieved.
8. The current system of requiring 2 councillors to electronically authorise payments means that it can be difficult to move funds in a timely fashion – councillors are not necessarily able to visit the Council offices at short notice. This leads to large deposits being held in non-interest paying current accounts.
9. It is possible to alter the banking mandates to retain the requirement for 2 councillors to authorise payments to third parties but also allow a sole individual (an officer of the Council) to move money between nominated accounts. E.g. the RFO could authorise movements of money to and from the CCLA Investment account and the Unity Trust Current account or between the Unity Trust Deposit account and the current account. Such an arrangement would allow a council officer to move money between accounts that the Council holds on daily basis to maximise the opportunity for the Council to increase its income from interest; the nominated officer would not be able to make external payments.

10. Any changes to bank mandates will need authorising by 2 councillors and a resolution of the Town Council

RECOMMENDATION(s)

11. It is recommended that the Town Council authorises amendments to its bank mandates to allow a single user (an officer of the Council) to move money between accounts, provided that those changes do not also permit payments to third parties.

Roslyn Williams
Responsible Financial Officer