

To Hythe Town Council
Date 10 January 2020
Status **Non Exempt**
Responsible officer Responsible Financial Officer

Subject **ADDITIONAL BANK ACCOUNT REPORT F&GP/21/19**

SUMMARY: This report provides information on the options offered for additional bank accounts and review of the repayment of the PWLB loan.

REASON FOR RECOMMENDATION:

The Committee is asked to agree the recommendations set out below because:-

- a) The Council is committed to control and manage its financial affairs in accordance with The National Association of Local Councils (NALC) guidelines.

RECOMMENDATIONS:

1. To receive and note the report F&GP/21/19.
2. To recommend to adopt Option A or Option B as set out below.
3. To instruct the RFO to organise and complete an application on behalf of Hythe Town Council to open an account with the recommended bank(s).
4. To authorise the RFO to vire the funds listed for the chosen Option.

INTRODUCTION

At the F&GP meeting on 28 November 2019, members were updated with the funds held at the year end March 2019 in Hythe Town Council's National Westminster accounts.

The internal Auditor has recommended that as there are too many funds held in the National Westminster Bank that is not protected by the FSCS, some of the Council's funds be moved away from Natwest.

Suggested accounts are as follows: *see attached addendum*
Hampshire Trust Bank (recommended by Internal Auditor)
Cambridge Building Society (recommended by Internal Auditor)
Local High street branches ie Lloyds TSB/ Coop/RBS/Barclays

Option A:

1. To vire £40k to Unity Trust Bank account (Bank account recommended to be opened re F&GP 28 November 2019 min.no 218/19 and ratified by full Council on 11 Dec 2019 min no 230/19)

And to

2. Open two new bank accounts and
 - To vire £85k from the Natwest 95 day Business reserve account to Bank no.1
 - To vire £20k from NSI Account 342 to Bank no.2
 - To vire £54k from Natwest Current Account to Bank no.2

Option B;

Open one new bank account and repay PWLB loan.

On 11 April 2019 F&GP min no.362/18 recommended that the loan to the Public Works Loan Board should be repaid. This was resolved at Council on 16 May 2019 min no 14/19.

Following the Council meeting, charges for the general rates on Portland Rd car park were received, the reconciliations along with the Allocated reserves showed that should the loan be repaid directly from the Council current account that would leave a rather low balance of £38,873 in unallocated reserves.

It was recommended by F&GP min no. 134/19 to Council and resolved on 8 August 2019 min no 115/19 that the decision to pay the PWLB loan in full be postponed until financially viable.

With the timing of transferring funds out of Natwest into other accounts the opportunity to reduce the funds that Hythe Town Council are holding can be addressed and the proposal of repayment of the PWLB loan can be reviewed.

1. To vire £40k to Unity Trust Bank account (Bank account recommended to be opened re F&GP 28 November 2019 min.no 218/19 and ratified by full Council on 11 Dec 2019 min no 230/19)
and to
2.
 - To vire £20k from NSI Account 342 to Natwest current account
 - To vire £85k from the Natwest 95 day Business reserve account to Bank no.1
 - To repay £93,756.45 to the Public Works Loan Board from Natwest Current account.

SUMMARY

The results of the transactions described above are attached (Appendix 1). Should Option A be recommended, two new bank accounts separate from Natwest bank will be opened and the sum of up to £85k vired into each account. Should Option B be recommended, the repayment of the PWLB loan would reduce the Council's reserves as per the Internal Auditors advice and the Council would not be at risk of losing its precept request by holding too many funds in its accounts. It is recommended to release the funds from the Pavilion Project fund reserve account reducing the reserves held by £94,000 from £114,387 to £20,387.

RISK MANAGEMENT

A summary of the perceived risk follows;

Perceived Risk	Seriousness	Likelihood	Preventative Action
The Council do not remove excess funds from the Natwest bank and the bank becomes insolvent.	High	Low	The Council vire funds to other named banking organisations under the cover of the Financial Services Compensation Scheme protection limit of £85,000.
The Council holds onto funds and the precept amount is denied or reduced greatly.	High	Low	The Council instructs the RFO to repay the PWLB loan in full and reduces the funds held in its reserves.

CONTACT OFFICER

If you have any queries about this report please contact The Responsible Financial Officer of the Council

Tel: 01303 266152 or email RFO@hythe-tc.gov.uk prior to the meeting.