



LEIGHTON-LINSLADE TOWN COUNCIL

Policy & Finance Committee

Agenda item 14b

Date: 18 June 2018

Title: Financial Banking Management

Purpose of the Report: To consider operational arrangements regarding day to day banking.

Contact Officer: Clare Cummins, Finance Officer

Corporate Objective/s	LLTC Three Year Plan	
Implications:		
Financial & Operational/Service Delivery	√	To maximise the return on monies invested whilst not compromising the Town Council's ability to continue to function.
Human Resources	X	
Procedural/Legal	X	

1. RECOMMENDATION/S

Should members be minded, the proposals are:

- 1.1 To transfer the annual precept (which is paid in two instalments, first in April 2018 and second in September 2018) from the NatWest Business Reserve Account to the existing Nationwide Instant Access Account currently paying 0.50% as shown in Table 1.
- 1.2 To endorse that funds continue to be drawn down from the Nationwide Instant Access Saver Account to the NatWest Business Reserve account to fund the Monthly expenditure, as and when required throughout the year.
- 1.3 That the arrangements above be reviewed upon receipt of the first tranche of the precept for 2019/20.

2. INVESTMENT OF PRECEPT

- 2.1 The annual precept for 2018/19 is £2,134,507 which is paid in two instalments, the first payment was in April and second is in September.

- 2.2 The precept is paid directly by Central Bedfordshire Council into the Town Council's NatWest Business Reserve Account, which is currently paying 0.05% interest.
- 2.3 We are unable to invest all of the precept into a Long Term Investment Account as the majority is used to pay the council's running costs for the year.
- 2.4 Therefore, to gain a better rate of interest on the bulk of the precept whilst ensuring funds remain easily accessible, it should be transferred to another suitable account.
- 2.5 Options currently available to invest the precept are as outlined in Table 1 below:

Table 1

BANK	TYPE OF ACCOUNT	TERM	INTEREST RATE	COMMENTS
NatWest	Business Reserve	Instant Access	0.05%	Precept paid in by CBC.
Santander	Instant Access	Instant Access	0.10%	
	35 Day Notice	Notice	0.25%	
	95 Day Notice	Notice	0.35%	
Nationwide	Instant Access Saver	Instant Access	0.50%	Existing account.
CCLA	Public Sector Fund	Instant access	0.5413%	

- 2.6 Whilst investment into the CCLA Public Sector Fund offers a slightly higher rate of interest, the Nationwide Instant Access account already exists and is proven to allow immediate access to required funds. It is therefore recommended that this existing account continue to be used for investment of the precept.

3. OPERATIONAL BANKING ARRANGEMENTS

- 3.1 In order to ensure funds are available to meet anticipated expenditure, funds are transferred throughout the year from the Nationwide Instant Access Saver account to the NatWest Business Reserve account (see diagram below).
- 3.2 All account balances are shown on the regular Cash and Investment Reconciliation report.

- 3.3 The Committee is asked to endorse that this procedure continues, to ensure that sufficient funds are available in the Natwest accounts for short term anticipated expenditure.

DAY TO DAY BANKING ARRANGEMENTS

THE COUNCIL HAS TWO ACCOUNTS WITH NATWEST.
CURRENT ACCOUNT: USED FOR ALL REGULAR TRANSACTIONS (INCOME AND EXPENDITURE). THERE IS NO INTEREST PAYABLE ON THIS ACCOUNT.

BUSINESS RESERVE ACCOUNT: ATTRACTS A MINIMAL INTEREST RATE. FUNDS ARE TRANSFERRED INTO ACCOUNT ON A REGULAR BASIS TO ENSURE ADEQUATE FUNDS ARE AVAILABLE FOR ANTICIPATED EXPENDITURE.

A DAILY "SWEEP" IS UNDERTAKEN BETWEEN THE TWO ACCOUNTS, LEAVING THE CURRENT ACCOUNT WITH A ZERO BALANCE AT THE END OF EACH BANKING DAY.

PRECEPT

PRECEPT RECEIVED IN TWO TRANCHES DURING THE FINANCIAL YEAR

TO BENEFIT FROM A BETTER RATE OF INTEREST ON THE PRECEPT, IT WILL NORMALLY (WITH COMMITTEE APPROVAL) BE TRANSFERRED INTO THE NATIONWIDE INSTANT SAVER ACCOUNT.

ON A MONTHLY BASIS, ANTICIPATED EXPENDITURE FOR THE MONTH AHEAD IS REVIEWED BY THE FINANCE OFFICER AND A PROPORTION OF THE PRECEPT IS TRANSFERRED TO THE NATWEST BUSINESS RESERVE ACCOUNT ACCORDINGLY.

THIS ENSURES SUFFICIENT FUNDS ARE AVAILABLE FOR SHORT TERM EXPENDITURE WHILE ENSURING THE COUNCIL CAN BENEFIT FROM A BETTER RATE OF INTEREST ON THE REMAINDER OF THE PRECEPT.