

BACKGROUND

At its meeting in June 2019, the Finance and Governance committee raised concerns over the risk of holding a significant amount of Council money with one institution since only £85k will be covered by the FSCS compensation scheme should that institution fail. The committee asked the Clerk and Chair of F&G to consider alternative offerings on the market and to come up with a recommendation for Council.

CURRENT SITUATION (as at 15th July 2019)

Council's funds are currently held as follows:

Institution	Account Type	Amount	Notes
Unity Trust Bank	Current	£160,703.88	This is where TC running costs are paid from
	Deposit	£185,209.36	This is where the general reserve currently sits
	Reserve Account	£18.46	This was previously the account where the 'sinking fund' for the loan maturing in 2035 sat. The balance needs to be transferred to the current a/c and this account closed.
	TOTAL	£345,931.70	Only £85k covered by FSCS scheme
United Trust Bank (this is a different institution to Unity Trust)	2yr fixed deposit account	£67,085.04	This is the deposit account where the sinking fund contributions to pay the final instalment of £230k sit. This is a 2yr fixed rate (1.7%) to 22/5/2020
	TOTAL	£67,085.04	All covered by FSCS scheme

In order to protect the Council's money it would seem sensible to spread the risk by moving some amounts to different organisations.

ISSUES TO CONSIDER

The new organisations must offer triple authentication for payments.

Long term investments are not suitable for the majority of the money as it is required on an easy access basis. The council spends between £20k and £25k per month and this needs to be easily accessed.

Does Council want to use organisations who invest their money ethically?

A significant amount of the general reserve is earmarked for projects and this again may need to be accessed on a flexible basis.

RECOMMENDATIONS

Existing accounts

Institution	Account Type	Current balance	Recommendation
Unity Trust Bank	Current	£160,703.88	£85k is kept in this account and it topped up as required from one of the Council's new accounts
	Deposit	£185,209.36	Money moved elsewhere and this account closed.
	Reserve t	£18.46	Balance transferred to the current a/c and this account closed.
United Trust Bank	2yr fixed deposit	£67,085.04	The sinking fund is reviewed and a strategy agreed before this account matures 22/5/2020

New accounts

If the actions above are taken £260,931.70 will remain to invest. A number of suitable accounts were looked at but not all met the criteria – see table below.

Institution	Account Type	Interest AER	Ethical investment?	Triple authentication ?	Instant Access?	Online?	Accept Town Councils?
Tridos	Deposit	0.40%	Yes	Yes	Yes		Yes
Co-operative Bank	Business saver	0.5%	Yes		Yes		NO
Nationwide	Business saver	0.6%	Not stated	Yes – written not online	Yes	Post fax or email	Yes
Charity Bank	Business saver	0.75%	Yes	Not the way we require	No	No phone or email	Yes
Aldermore	Business saver	1.0%	Not stated	Yes	Yes		NO