

TITLE OF REPORT:	Town Council Banking Arrangements				
PROPOSER:	Diane Barlow				
SUPPORTED BY:(if applicable)	Trudi Barrett				
BACKGROUND: Please describe the reasons for this paper. Is it on behalf of a Working Group? Please provide relevant details, e.g. previous decisions by the Town Council or any external advice. Who is likely to benefit from this decision?	At the last meeting of the Finance & Asset Management Committee on 24 January 2023, the RFO was asked to review banking arrangements with regard to investing the anticipated proceeds from the sale of 2 Burgage Way. The Town Council currently has five bank accounts, split between 3 institutions, Unity Trust Bank, Barclays Bank and Public Sector Deposit Fund.				
ISSUES: Summarise the key issues arising from the Background (above). Are there any key dates that are relevant?	The interest rate at Barclays Bank is very low at 0.75%. The rate for the Unity Trust Deposit Account is a little better at 2%. Both institutions are FSCS (Financial Services Compensation Scheme) protected. The Public Sector Deposit Fund (PSDF) does not perform as a standard bank. It was established in the 1950's to invest funds on behalf of the Public Sector and acts to manage and invest assets deposited with it. It currently has over £13 bn deposited within its accounts. Invested funds have been performing well with a current yield of 3.9%. However, it is important to note that this yield could go up or down. The PSDF is not covered by the FSCS, however it has a three-star Fitch rating, portfolios are actively managed and risk is spread between investments. It is important for the Town Council to try to achieve the best rates possible for its savings and to spread the risk between institutions as much as is practicable for day-to-day operations.				
LEGAL OBLIGATIONS: Wherever possible please check on any likely legal implications.	Section 15(1)(a) of the Local Government Act 2003. Issued by the Secretary of State in relation to investment of financial assets.				
FINANCIAL IMPLICATIONS: <i>Please state the costs if known-capital costs as well as on-going revenue costs.</i> <i>State whether funding will be from external sources or from the Town Council.</i>	An additional investment of £60,000 in the PSDF would provide a return of £2,340 per annum. The current investment is £25,000. Payment into the PSDF must be made through a nominated bank account (Unity Trust Bank) and withdrawals may be made through the same method with no notice. The RFO and Town Clerk are signatories for the PSDF account. The Town Council does need to maintain the spread of accounts it currently has, however a change to the amounts deposited with each institution is recommended, with an even amount from Barclays and Unity Trust to be transferred to PSDF.				
COMMUNITY BENEFIT <i>Please state what benefit this proposal will bring to the community (mandatory)</i>	Greater returns on the Town Council's investments helps to reduce the burden on the public purse. A good return would provide additional funds to use for the benefit of the community.				
COMMUNICATIONS: <i>Who else should be informed if the proposal is approved?</i>	Members of the public would be able to access the information through minutes and financial information added to the Council's website.				
MEDIA AND PROMOTIONS:	<i>Does this need media coverage?</i>	YES		NO	XX
TOWN CLERK'S COMMENTS: Including any implications on Town Council staff requirements.	The transfer and management of the funds is relatively straightforward. Interest payable from the PSDF is added to the Council's Unity Deposit Account on a monthly basis.				
PROPOSAL: What specifically do you want the Town Council to decide on?	Decide whether to transfer the recommended amount to the PSDF and which accounts to transfer the funds from.				

Prepared by: Diane Barlow, RFO

Date of Finance & Asset Management Committee meeting at which this will be considered: 21 March 2023

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