

Report No. 3

Policy and Resources Committee 8th February 2017

Review of Banking Arrangements

1. Purpose of the report

- 1.1 To advise the committee of recent potential banking changes and subsequent discussions held with the two town centre banks.

2. Background

- 2.1 For several years the Town Council has banked with Lloyds Bank located in Malmesbury High Street and in view of the size of the account, and as a community goodwill gesture, banking services have been provided without charge.
- 2.2 The accounts for the Joint Burial Committee and the Mayoral Appeal remain with HSBC, now departed from the High Street, and arrangements are in hand to transfer these as soon as possible.
- 2.3 In December 2016 a letter was received from Lloyds Bank advising that charges would be introduced from February 2017 although a substantial discount would be given.
- 2.4 The period for the discount was unclear and, in view of other alterations to the banking arrangements since the appointment of a new branch manager, meetings were sought with our Relationship Manager and with a representative of another High Street bank.
- 2.5 The Relationship Manager confirmed that the original letter had been sent in error and that the Town Council would continue to receive the banking services on the same terms as currently exist.
- 2.6 The other provider interviewed was unable to offer free banking and indicated that they would also include charges for payments made into the account. Payments into the account are currently made several times each week to minimise the level of cash held on the premises overnight.

3. Proposals

- 3.1 In view of the willingness of the current banking provider to continue with the existing arrangements and the comparison with the only other High Street provider it is proposed that the arrangements continue with Lloyds Bank.
- 3.2 The departure of HSBC from the High Street has highlighted an issue concerning payments to staff who hold their accounts with that bank.
- 3.3 Salaries have always been paid by cheque in order to reduce the financial cost to the Town Council of using electronic transfers. This systems has already shown weaknesses where staff are on holiday or away from the office when the cheques are distributed.
- 3.4 In discussions with the Relationship Manager there is a possibility that a system could be implemented to minimise cost to the Town Council, provide the security required by councillors and ensure payments are made direct to staff accounts with the bank of their choice.

- 3.5 A number of product suppliers are now sourced through the internet or wholesalers and many will only accept card payment. This usually involves a member of staff using their personal card and reclaiming from the Town Council. Often these payments are for large sums of money and repayment may take over two weeks if councillors on the banking mandate are not available to sign cheques.
- 3.6 The bank are able to provide debit cards to the staff authorised to sign cheques for use on the current account with identified individual pin numbers.
- 3.7 Before there is any use of debit cards and salary payments by direct transfer the Responsible Finance Officer (RFO) is required to provide a system of control aimed at safeguarding the Town Council and one that will be approved by this committee.
- 3.8 It is proposed that the RFO meets with the Chair and Vice Chair of Policy and Resources committee and the Town Mayor to discuss the way forward before reporting to the next meeting of this committee.

4. Financial implications and risks

- 4.1 Continuing with the existing banking arrangements will be of financial benefit to the Town Council as long as they remain unchanged.
- 4.2 The cost of any direct payments will need to be reported to this committee together with the proposed financial controls and agreed before any implementation.

5. Recommendations

- 5.1 Members are requested to note the report and agree to remain with the current banking arrangements and to the formation of a small working group to discuss the necessary controls identified in the report.

Jeff Penfold
Town Clerk
31st January 2017