

Current Accounts

NTTC should have a bank current account(s) for its day-to-day banking requirements either with one of the traditional high street providers, or a smaller community orientated bank.

NTTC hold two current accounts with balances as at 22/12/20 of

- Unity Trust Bank £53,065.18 (Precept deposit and online payments)
- NatWest £15,183.89 (Used for Cheques)

The purpose of the current account is to hold a 'working balance' for general budget expenditure

Reserves/Deposit Accounts

NTTC also have separate interest-bearing bank accounts to hold funds either for general reserves or ear-marked reserves for specific projects. The RFO is responsible for setting up the banking arrangements as approved by the council.

- NatWest Business Reserve 1 £29,502.96 (General reserve)
- NatWest Business Reserve 2 £29,503.16 (General reserve)
- Unity Trust Bank Instant Access £75,121.34 (Earmarked reserves)

Financial Services Compensation Scheme

Local councils with a budget up to the equivalent of 500,000 euros (£456,103 as at 22/12/20) are now "eligible depositors" under the Financial Services Compensation Scheme (FSCS), which provides protection for deposits up to £85,000 if an authorised bank or building society fails.

Money in multiple accounts with banks that are part of the same banking group are treated as one bank

Therefore.

- NatWest Bank, 3 accounts, total £74,189 (rounded) – NOTE: care should be taken to not increase this figure over £85,000
- Unity Trust Ban, 2 accounts, total £128,186.52 – NOTE: £43,186 is at risk should the bank fail as the Council would only be entitled to £85,000 compensation

Advantage of NTTC holding Multiple Accounts

- Multiple accounts offer greater financial protection and in the unlikely event of one of the councils' accounts being hacked, the council business will not be heavily impacted as NTTC can rely on alternative accounts.
- Utilising additional accounts offer the opportunity to save for future commitments and liabilities.

Disadvantages in extending the number of bank accounts NTTC operate

- Keeping multiple accounts means that NTTC will have funds in different places which can be complicated
- Additional time and effort scrutinising the accounts and ensuring they are in good order in mitigating any unnecessary fees
- May incur a monthly or annual bank fee cost
- Banks may require minimum balances. If NTTC fail to meet the bank's requirements, fees may be applied.

NTTC Bank accounts risk assessment

Risk	NTTC Activity	Risk Assessment	Level	Mitigation	Review
Bank instability and or failure of bank group resulting in loss of funds over £85,000	NTTC only use 2 individual bank groups covering 5 accounts - NatWest 3 accounts totalling £74,189 and 2 accounts with Unity Trust Bank totalling £128,126	Any combined balance with a single banking group over £85,000 is not covered by the FSCS compensation, even if held over numerous types of account -	High	NTTC to consider opening additional bank/ building society bank accounts with different banking group(s)	RFO to monitor twice per year on receipt of precept and transfer money to other accounts in accordance with NTTC Financial Regulations
Bank Hack/Fraud	NTTC have money in 5 different accounts (2 bank groups)	Use of multiple accounts should result in the council's ability to operate not being heavily impacted as the Council can rely on other accounts	Low	NTTC have strong financial controls and financial regulations in place with regards to access to bank accounts and authorising payments	NTTC financial policies are reviewed every year by the RFO, council and internal auditor to ensure 'fit for purpose'.

Summary

The current use of only 2 bank groups to hold 5 bank accounts, is considered high risk activity and NTTC should consider opening at least 1 further non-profit business account with another bank group to redistribute the funds currently held in Unity Trust Bank accounts (£128,126), in order to lower the risk and make any loss due to bank group failure, eligible for compensation up to £85,000 with FSCS.

Options

- Continue as present and NTTC Resolve to accept the risk to public money
- Reorganise all bank accounts and balances and open additional account(s)

Recommendations

- Merge the 2 NatWest bank reserve accounts £29,052 and £29,053 respectively, reducing the administration to a single NW general reserve account with a balance of £58,105. This together with the NW current account of £15,183, gives a combined bank group balance of £73,288 which is low risk
- Open a new bank account(s) to re-distribute the £128,126 held with Unity Trust Bank to under £85,000 which would become low risk

Bank options

Activity	Triodos Bank	NS&I (investment a/c)
Instant access	✓	✓
Covered by the FSCS deposit protection up to £85,000	✓	✓ ⁱ
Pays interest on deposits	✓	✓
Free banking for deposit accounts	✓	✓
Standing Orders, Direct Debits, BACS and Faster Payments options	✓	Postal banking only
Online banking	✓	Postal banking only

ⁱ Most banks only guarantee savings up to £85,000. NS&I are the only provider that secures 100% of savings, however much invested

Due to the current pandemic, many banking institutions are not currently accepting new account applications, therefore, any decision to open additional account(s) may be delayed