



Radyr & Morganstown Community Council Cyngor Cymuned Radur a Threforgan

Agenda Item **

Meeting: Finance Committee

Date: 1 September 2022

Report Author: Clerk to the Council

Financial Assets held by the Council

Introduction

1. At a meeting held on 19 May 2022, Members considered recent bank statements. The Clerk was instructed to ascertain the Council's position in relation to funds invested with the Unity Trust Bank should the bank encounter financial difficulties. (Minute RMCC22/35 (4) refers.)

Key Issues (1)

2. This report updates Members on the current position, following enquires made by the Clerk and discussions with the Chair of the committee.
3. The Council holds three accounts with Unity as follows:
 - (i) *****326. (T2)
Balance on 31 July 2022 £85,651.49.
This is our normal "day to day account" that we use to pay bills.
 - (ii) *****011. OCR Account
Balance on 31 July 2022 £75,502.49
This is the account for income from hall bookings etc.
 - (iii) *****399. Deposit Account
Balance on 31 July 2022. £154,541.51.
This account is rarely used.
4. The Council's eligible deposits with Unity Trust Bank plc are protected by the Financial Services Compensation Scheme (FSCS), the UK's deposit guarantee scheme. The protected threshold is up to £85,000 for the Council's total funds.

Funds held with the Unity currently come to over £300,000. The Council's insurance policy would not cover any such loss.

5. Only £85,000 of the above would be covered by the Financial Services Compensation Scheme (FSCS). If we decided to withdraw (for example) £120,000 from the Deposit account we could transfer £60,000 into two other banks. That would leave us with £280,000 (approx.) in the Unity, only £85,000 of which would be protected by the FSCS.
6. Potential banks we could invest with include <https://www.ccla.co.uk/> who seem to have an ethical dimension. They provide ethical low-risk ethical investment opportunities, but they are *not* covered by the FSCS compensation scheme.
7. Other options include institutions such as the Co-op, Starling or Nationwide. (In 2019 Members considered that the Council "should open a new instant access business savings account with Nationwide building society and transfer part of the reserve into this new account in order to limit the total funds held with Unity Trust. Signatories and access to this account should be the same as those for the Unity Trust deposit account." This does not appear to have been actioned.
8. There was discussion in the 2019 about using the Nationwide to hold our Reserves but that doesn't seem to have been actioned.
9. We would need to ask the "new" bank to a "Switching Process," which is a process to be followed when a customer wishes to change banks.

Key Issues (2)

10. The Council currently holds two loans with the Public Works Loan Board (PWLB). To clear our two loans would cost £80,087.34 as of 14 August 2022. This is the total for both. Individually they are around £36,000 and £43,000. We could clear one or both. That would remove our obligation to the PWLB but also reduce our balances with Unity, reduce the amount we hold in Reserves and reduce pressure on the precept.

Financial Implications

11. None at this stage. Any expenditure would come from approved resources or require approval.

Links to Corporate Objectives

12. The Council's Annual Report confirms that the Council's objectives include delivering:
A Prosperous Community. A Resilient Community. A Healthier Community.
A More Equal Community. A Cohesive Community. A Community of Vibrant Culture & Thriving Welsh Language. A Globally Responsive Community.
13. The issues described in this report will protect the Council's assets and thus help the Council deliver these Wales-wide sustainability goals and

Staffing Implications

14. N/A at this stage.

Risk Management Implications

15. Key risks relating to Council services etc. are addressed in the Risk Register.
16. Failure to protect funds in Council bank accounts in the event of Unity Trust Bank experiencing financial difficulties is highlighted as a key risk. Failure to meet Old Church Rooms loan repayments is also highlighted . the Register confirms that loan repayments will be monitored. Earmarked loan reserves are in place.

Legal Implications

17. The Council's eligible deposits with Unity Trust Bank plc are protected by the Financial Services Compensation Scheme (FSCS), the UK's deposit guarantee scheme. Details are in the link below <https://www.fscs.org.uk/what-we-cover/banks-building-societies>
18. The existing OCR loan has been taken out with the Public Works Loans Board. No additional approvals would be required to clear the loan.

Recommendation

19. It is **recommended** that Members consider the above information pending further, detailed discussion.