

Reserve Deposits with Cornwall Council

1.0 BACKGROUND

1.1 In May 2015, councillors agreed to keep the equivalent of one years' precept (£25,000) as a contingency reserve in the event of delayed payments of precept from Cornwall Council or unexpected expenses. Since that time, the council has allocated budgets for parish projects and grants that are ringfenced in its accounts. The Clerk has been investigating suitable secure and accessible facilities that would bring an improved rate of interest on its surplus funds.

1.2 Funds that are identified as being surplus to current and medium term requirements should be identified within the council's accounts and may be ringfenced for later use.

2.0 AVAILABLE FUNDS

2.1 Since the policy was adopted, councillors have now ringfenced these amounts:

Item	Balance at 1 April 2018
Contingency reserve	25,000
Community Grant	8,922
Small Grants	750
WW1 Fund	2500
Groundworks (NDP fund)	150
TOTAL RINGFENCED	£37,322

2.2 The closing balance of all the council's accounts at 31 March 2018 was £98,838.74. There is therefore, a surplus of funds not earmarked for immediate use of £61,516.74.

3.0 CORNWALL COUNCIL FACILITY

3.1 Cornwall Council offers a 'call account facility' where surplus funds may be deposited. Interest is calculated on a daily basis, and capitalised on a monthly basis. Cornwall Council takes a .25% administration fee. Withdrawals can be made within 24 hours. (see facility letter in Appendix 1). During 2017/18, the parish council held an average bank balance of approximately £105,000, and earned £45.55 in interest. The table below shows the current minimum interest that would have accrued to Menheniot Parish Council had they deposited these sums during the past year.

Amount Deposited	Net* Annual Interest
£40,000	£306
£50,000	£382
£60,000	£459

*after deduction of Cornwall Council administrative fee.

4.0 OPTIONS

4.1 Councillors will be asked to examine the funds currently on deposit, and agree a sum net of contingency and project costs that they will agree to deposit with Cornwall Council.

4.2 Councillors will need to agree which two parish council officers should issue instructions to Cornwall Council.

Author: John Hesketh

Date: 11 May 2018



Facility Agreement dated

day of

2014

General:

Cornwall Council (the Council) will offer xxx Town Council (the Town Council) a call account facility (the Account), whereby surplus Town Council funds will be deposited with the Council on a daily basis, and recalled when required.

The Account will be made available by the Council to the Town Council for a period at the Council's absolute discretion.

Interest Calculation:

Interest will be calculated on a daily basis on the balance on the Account. Interest will be capitalised by the Council on a monthly basis and added to the balance on the Account.

Interest Rate:

The interest rate will be set on the basis of the monthly average interest rate the Council receives less a 0.25% administration fee.

Monthly Statements:

Monthly statements will be produced (see attached example) by the Council stating, in relation to the Account, daily movement and balances and the value of the accrued interest.

Notification of Deposit/ Withdrawal:

The Town Council has provided indicative cash flow figures to the Council. The Council requires that the exact amounts of any deposits/ withdrawals are to be notified by the Town Council no later than 9:30 am on the date of the transaction; notifications of any deposits/ withdrawals recovered after this time will not be actioned until the following day. Notification of the exact amount should be emailed to treasury@cornwall.gov.uk. The Council will confirm receipt of the email.

Instructions for withdrawal requests by the Town Council shall only be accepted from the following Town Council Officers:-

xxx xxx
xxx xxx

Transaction Size:

The Council offers the Account on the following conditions:

- i) The minimum transaction value will be £25,000.
- ii) The Account will not be permitted to be overdrawn, the minimum balance on the Account will therefore be nil.
- iii) The maximum Account balance will be £1 million.

Settlement:

Settlement will preferably be made by CHAPS, although BACS would be acceptable if prior notification was given. It should be noted however, that interest will only accrue once the funds have cleared in Cornwall Council's account.

The Council's Standard Settlement Instructions are:

Cornwall Council
National Westminster Bank
2-4 St Nicholas Street
Truro
Cornwall
TR1 2RN

Sort Code 60-21-37
Account 56587619

The Town Council's Standard Settlement Instructions are:

xxx xxx Town Council
xxx xxx Bank Plc
xxx xxx
xxx xxx
xxx
xxx xxx

Sort Code xx-xx-xx
Account xxxxxxxx

Variation:

No amendment of this agreement shall be effective unless it is in writing and signed by, or on behalf of, each party.

Assignment:

Neither party may assign any of its rights or transfer any of its rights or obligations under this agreement.

Indemnity:

The Town Council acknowledges that the Council in providing the Account is using the services of its banking provider, the National Westminster Bank Plc (the Bank), and that the Council cannot be held responsible for any losses, damages, claims or demands resulting from the negligence, default or any other actions of the Bank relating to the Account and for which the Council, its employees or agents are not responsible and have not contributed in any way.

Governing Law:

This agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation including non contractual claims or disputes) shall be governed by and construed in accordance with the laws of England and Wales.

This agreement has been entered into on the date stated at the beginning of it.

For and on behalf of
xxx xxx Town Council

Name: _____

Position: _____

For and on behalf of
Cornwall Council

Name: Andy Brown

Position: Assistant Head of Finance