

TRAFFORD COUNCIL

Report to: Council Meeting
Date: 21 January 2015
Report for: Decision
Report of: The Executive Member for Finance and Director of Legal and Democratic Services

Report Title

New Banking Arrangements: Indemnity

Summary

This report seeks approval for an indemnity to be given by the Director of Finance as the Council's S151 Officer to the Council's new Banker, Barclays Bank PLC, against any losses or claims arising from them processing cheques made payable to 'Trafford Council' or 'Trafford Metropolitan Borough Council' on behalf of Trafford Borough Council.

Recommendations

That Council authorises the Director of Finance as the Council's S151 Officer to sign an indemnity to Barclays Bank PLC ("Barclays") against all actions proceedings claims or costs which Barclays may suffer or incur as a result of Barclays collecting monies payable to 'Trafford Council' or 'Trafford Metropolitan Borough Council' on behalf of the Council without such items being endorsed

Contact person for access to background papers and further information:

Name: Graham Perkins
Extension: 4017

Background papers: None

Relationship to Policy Framework / Corporate Priorities	Low Council Tax and Value for Money
Financial	It would not be possible to bank all cheques promptly, as required by the Council's Finance Procedure Rules, if the indemnity is not given.
Legal Implications:	Council's approval is required to meet the terms of the Council's constitutional arrangements and to satisfy Barclays' requirement
Equality/Diversity Implications	Not applicable
Sustainability Implications	Not applicable
Resources Implications e.g. Staffing/ICT/Assets	Not applicable
Risk Management Implications	
Health & Wellbeing Implications	Not applicable
Health and Safety Implications	Not applicable

Background

- 1.1 The Council's current banking services contract with The Co-operative Bank expires on 31 March 2015 and in response to the bank's announcement in November 2013 to withdraw from the Local Authority market, an AGMA procurement exercise consisting of 14 Local Authorities was undertaken in 2014 seeking a replacement bank.
- 1.2 As a result of this exercise Barclays was chosen as the successful tenderer and was appointed to provide the Council's banking service requirements for a period of 5 years, with a 2 year option to extend, commencing on 1 February 2015.
- 1.3 The process of transferring all of the Council's banking services requirements is a challenging task and a great deal of work is being undertaken by a wide range of staff across the council to ensure that a smooth transition across to Barclays is achieved.
- 1.4 To highlight the high level of importance associated with this task, the financial turnover passing through the Council's bank account on an annual basis is approximately £1.8bn and the level of transactions handled include:
 - 340 same day electronic payments (CHAPS & Faster Payment) totalling £435m;
 - 600 BACS & direct debit files created containing:
 - 640,000 direct debit transactions collecting £200m of income for Council Tax, Business Rates & Salary Reimbursements and;
 - 184,000 BACS payments generating £540m of general payments, Housing Benefits & Salaries;
 - 2,500 cheques issued paying £700k;
 - 40 direct debit payment transactions totalling £5.3m;

- 13,100 credit card transactions received totalling £1.4m;
- 88,500 debit card transactions received totalling £10.4m.

1.5 As part of this task, a considerable number of documents from Barclays are required to be completed and authorised by all relevant Council staff in accordance with the Council's Financial Procedures.

1.6 One document recently received concerns cheque indemnity provisions. The document confirms that Trafford Metropolitan Borough Council and Trafford Council are trading names of the Council and that in the event that Barclays collect payment against cheques made out in either of the trading names without endorsement, they will be indemnified against all actions proceedings claims or costs which they may suffer or incur as a result.

1.7 The indemnity will be required to be given by the Director of Finance in his capacity as S151 Officer. In order to comply with the constitutional arrangements in relation to such matters, such an indemnity can only be given with the authority of the Council.

2. Urgency

2.1 The matter is urgent as the indemnity has only recently been requested by Barclays and needs to be signed before the new arrangements commence on 1 February 2015 and there is no other Council meeting programmed before that date.