

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	4240
Author:	Glyn Daykin
Department:	Strategy and Resources
Contact:	Glyn Daykin (Job Title: Senior Accountant - Treasury Management, Email: glyn.daykin@nottinghamcity.gov.uk, Phone: 63724)
Subject:	Lloyds Bank Accounts Set-Off Agreement
Total Value:	nil (Type: Nil)
Decision Being Taken:	<p>1 - To agree to the set-off or transfer of credit balances in accounts held with Lloyds Bank (excluding any accounts held on trust).</p> <p>2 - To approve entry into a set-off agreement with the bank to be executed as a deed to give effect to the set off arrangements.</p> <p>3 - To delegate authority to the 151 Officer of the Council to agree the terms of the set off agreement on behalf of the Council.</p>
Reasons for the Decision(s)	<p>The Council's banking services provider Lloyds Bank plc has reviewed its contractual arrangements with its English local authority customers and is asking each local authority to permit the set-off or transfer of credit balances in accounts held with the bank (excluding any accounts held on trust) in or towards the satisfaction of any liabilities. Lloyds Bank request this arrangement be documented by means of the council signing and entering into a Set Off Agreement.</p> <p>This decision is linked to Portfolio Holder decision ref 1182 dated 12/12/2013 which approved the tender and award of the contract for Banking Services. This contract was awarded to Lloyds Bank. Annually the bank review and re-offer the banking facilities to the council, within which the bank conditioned the facilities offer upon the council entering into the set off agreement. The bank requires the agreement to be signed in line with the delegated authority of the appropriate council body and for the council to provide certified copies of this decision to satisfy itself the signer has the legal power to do so.</p>

Briefing notes documents: SOA 2021.pdf

Other Options Considered: The do nothing option was ruled out on the basis that not agreeing to the set off agreement would likely adversely effect the banking relationship and may result in a material reduction in the banking services available to the council.

Background Papers:

Published Works:

Affected Wards: Citywide

Colleague / Councillor Interests:

Consultations: Those not consulted are not directly affected by the decision.

Crime and Disorder Implications: N/A

Equality: EIA not required. Reasons: This decision does not require a change to policy and is not a new function.

Social Value Considerations: N/A

Decision Type: Portfolio Holder

Subject to Call In: Yes

Call In Expiry date: 16/06/2021

Advice Sought: Legal, Finance, Procurement

Legal Advice:

The City Council has a contract for banking services with Lloyds Bank. The contract provides that the banking facilities are to be provided by Lloyds Bank subject to Lloyds Bank's conditions which it sets out each year. If those conditions are not agreed to Lloyds has stated that it may reduce or remove the facilities. In past years this has included the limit on the available overdraft. Lloyds Bank is now asking all of its local authority clients to enter into explicit set-off agreements which will permit Lloyds Bank to set off a debit position in one account held by the City Council against a credit balance in another account held by the City Council. It is understood from discussions with the City Council's treasury management team that certain accounts are to be ring-fenced and not subject to the right to set off. The Recommendations are in a specific format which has been agreed with Lloyds Bank. Advice provided by Andrew James (Team Leader Contracts and Commercial) on 01/06/2021.

Finance Advice:

The City Council has a contract for banking services with Lloyds Bank. Lloyds Bank is now asking all of its local authority clients to enter into explicit set-off agreements which will permit Lloyds Bank to set off a debit position in one account held by the City Council against a credit balance in another account held by the City Council.

The City Council's bank accounts with Lloyds Bank have been operating using an arrangement where Lloyds Bank offset positive and negative balances via notional pools where the Bank pay credit interest on the net balance of accounts in the pool. The proposed set-off agreement formalises the existing arrangement that is in place and is in line with the banking contract specification. City Council subsidiaries' bank accounts require separate banking facility agreements and so are outside of this set off agreement which limits the Council's exposure to subsidiary balances.

The Cipfa Code requires a set off agreement to be in place where balances are netted off within the statement of accounts. The proposal aligns with this requirement. Advice provided by Glyn Daykin (Senior Accountant - Treasury Management) on 05/03/2020.

Procurement Advice:

The Authority has a banking services contract in place with Lloyds Bank. The requirement of set-off balances was detailed in the tender specification. Lloyds now want to formalise this arrangement by having in place a set-off agreement. There are no procurement concerns.

Advice provided by Louise Dobson, Procurement Officer 27.05.2021 Advice provided by Louise Dobson (Business Support) on 27/05/2021.

Signatures

Sam Webster (PH Finance and Resources)
SIGNED and Dated: 09/06/2021
Clive Heaphy (Chief Finance Officer/CD for Finance & Resources)
SIGNED and Dated: 02/06/2021