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**REPORT TO: POLICY AND RESOURCES COMMITTEE ON 29 OCTOBER 2019**

**SUBJECT: BANKING SET OFF AGREEMENT**

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)**

**1. REASON FOR REPORT**

- 1.1 The purpose of the report is to seek approval to enter into a set off agreement with the bank.
- 1.2 This report is submitted to Committee in terms of Section III B (2) of the Council's Administrative Scheme relating to the regulation and management of the Council's finances according to policies determined by the Council.

**2. RECOMMENDATION**

**2.1 It is recommended that Committee agrees to:**

- (i) **enter the set off agreement with the Bank; and**
- (ii) **authorise the Chief Financial Officer to sign the set off agreement.**

**3. BACKGROUND**

- 3.1 Banking arrangements for the Council are delegated to the Head of Financial Services under section 7 of the Scheme of Delegation. The Council's bankers are the Bank of Scotland plc.
- 3.2 The Bank of Scotland has reviewed its contractual arrangements with its Scottish Local Authority customers. The bank is asking each local authority to permit the set-off or transfer of credit balances in accounts held with the bank in or towards the satisfaction of any liabilities. This excludes any accounts held on trust.
- 3.3 A set off agreement is to be entered into between the Council and the Bank of Scotland plc to document the arrangements. Both Financial Services and Legal Services are comfortable with the draft agreement.
- 3.4 The bank has asked that Committee agrees to enter the set off agreement and that the Section 95 Officer can sign the agreement.

#### 4. **SUMMARY OF IMPLICATIONS**

(a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

None directly relating to this report.

(b) **Policy and Legal**

There are no policy or legal implications. Set-off of banal balances is a common banking practice.

(c) **Financial implications**

There are no financial implications arising from this report.

Treasury staff optimise the balance held in the Council's main bank accounts at the close of each working day in order to minimise the amount of bank overdraft interest payable or maximise the amount of interest earned.

(d) **Risk Implications**

A balance to deal with day-to-day cash flow fluctuations is maintained by investing money overnight in a Call Account with the Council's bankers. This minimises the cash flow risk to the Council.

(e) **Staffing Implications**

None directly relating to this report.

(f) **Property**

None directly relating to this report.

(g) **Equalities/Socio Economic Impact**

None directly relating to this report.

(h) **Consultations**

The Chief Financial Officer and Legal Services Manager have been consulted and they agree with the recommendations.

#### 5. **CONCLUSION**

5.1 **This report seeks approval to enter into the set off agreement with the bank and authorises the Chief Financial Officer to sign the set off agreement.**

Author of Report:  
Ref:

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LP/DL/LJC