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**ARGYLL AND BUTE COUNCIL**

**OBAN COMMON GOOD FUND**

**CUSTOMER SERVICES**

**28 FEBRUARY 2018**

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**OBAN COMMON GOOD FUND BANKING ARRANGEMENTS**

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**1.0 EXECUTIVE SUMMARY**

This report invites the trustees to review the current payment method of successful applicants or alternatively to agree to amend the existing signatories following some changes to the support provided within the Governance and Law team.

Currently those awarded funding are paid by cheque. Cheques are prepared and signed by Simmers & Co and sent to authorised signatories for co-signing before being forwarded to the recipient. In effort to speed up the payment process and reduce costs both to the trust and payee, it is proposed that trustees agree to make future payments by bank transfer.

Typically payments made and received by online transfer cost 50% less to each party involved in the transaction and are cleared quicker than funds paid by cheque.

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**2.0 INTRODUCTION**

- 2.1 Trustees of the Fund previously agreed to move to online banking on 15 December 2016 and it is suggested that they now take advantage of the benefits associated with making bank transfer payments to the successful applicants.

**3.0 RECOMMENDATIONS**

- 3.1 That trustees agree to make payment by bank transfer to successful applicants in line with the proposed process at paragraph 4.3; and
- 3.2 That changes to the authorised signatories by removing either Shirley MacLeod and/or Danielle Finlay and replacing with Melissa Stewart and Andrea Moir are agreed by the trustees.

**4.0 DETAIL**

- 4.1 Trustees agreed on 15 December 2016 to move to online banking and it is suggested that they now take advantage of the reduced costs in making bank transfer payments to successful grant applicants. This can be achieved by amending the current application form to include a section for bank details.
- 4.2 There are benefits to recipients of transfer payments in terms of the time taken for the payment to reach them, the time taken for the payment to be available and the reduced costs of receiving the funds in terms of banking charges levied.
- 4.3 The table below indicates the current and proposed process:

<b>Current Process</b>	<b>Proposed Process</b>
Trustees award a grant	No change
Governance and Law staff instruct release of agreed sum of money	No change
Cheque is prepared by Simmers & Co	Simmers & Co set up and authorise bank transfer, advising clerk that payment has been instructed

Cheque posted to authorised signatory for countersigning	Clerk to have view rights to the online account and will check payment matches the decision of the trustees
Cheque countersigned and issued to applicant	
Cheque received by applicant and banked	

- 4.4 Based on an assumption of immediate attention by staff from Governance and Law and Simmers & Co, with time taken in posting and bank clearance, the best case current scenario is for the funds to be available to the applicant within approximately 12 working days, potentially more if the applicant cannot deposit the cheque immediately. The proposed process could be as quick as 2 working days.
- 4.5 While it is not possible to have a double authorisation in terms of the current bank account for online payments, it is suggested that payment rights be given to Simmers & co and viewing rights on the account be given to the authorised signatories to enable them to check that the amount released matches the decision of the trustees.

## 5.0 CONCLUSION

- 5.1 It is recommended that in view of the benefits to recipients that the trustees should consider moving to a process of bank transfer in respect awards made rather than the traditional payment method of cheques.

## 6.0 IMPLICATIONS

- 6.1 Policy - none
- 6.2 Financial – charges for BACs are approximately 50% less than payments made by cheque
- 6.3 Legal - none
- 6.4 HR - none
- 6.5 Equalities - none
- 6.6 Risk – It is not possible to double authorise an online payment but the suggestions for immediate review of instructed payment should provide reassurance that the funds are disposed of in accordance with the decisions of the trustees
- 6.7 Customer Service – the proposals presents a more efficient, timely and cost efficient service to the recipient.

**Executive Director of Customer Services**

16 February 2018

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