



Subject Banking Arrangements
Purpose For Decision
From Director of Finance and Resources

If you have any enquiries on this paper, please contact Marc Stoner at marcs@arb.org.uk or on 020 7580 5861

1. Summary

Under the Scheme of Delegation, the Board is required to:

- Agree the banking arrangements including the banks to be used and signing requirements.

The Director of Finance and Resources is seeking approval to close the HSBC savings account, which was opened in October 2018. This is owing to changes by the bank in relation to its operation, this coupled with changes to the interest rate mean that the account is no longer fit for purpose.

2. Recommendations

The Board is asked to:

- i. Give approval for the Director of Finance and Resources to arrange for closure of the HSBC savings account.

3. Open Session

4. Contribution to the Board's Purpose and Objectives

In delivering the Act, ARB's objectives are:

- Protect the users and potential users of architects' services
- Support architects through regulation

5. Key Points

Background

5.1 ARB's main bank is NatWest Bank PLC and all payments are processed via this account. Attached to the current account is a sweeper account, which means the current account balance is zero at the end of each day, with the sweeper account paying interest on the balance. This is designed to maximise the return of the funds held within NatWest.

5.2 The funds contained within NatWest are used for short term financial liabilities and

therefore need to remain liquid. These funds are therefore not invested with Board Investment Broker.

- 5.3** However, to protect the funds, the then Audit Committee requested a second bank account be opened. It was felt that this would maximise the return on the funds, as well as mitigate the risk of one bank collapsing. It was decided that a second bank account should be opened with HSBC.
- 5.4** The opening of the HSBC account proved extremely challenging, and so, given the amount of time that was passing, a decision was taken to open an account with Nationwide which was successful. We then managed to also open the HSBC account soon after and so it was decided to retain both additional accounts for increased diversification.
- 5.5** In early 2020, the account held with HSBC become operational in-branch only. This meant that two members of the Senior Leadership Team would need to physically attend an HSBC branch to withdraw funds. This has made the account an administrative burden and poses a risk to ARB.
- 5.6** The present balance on this account is currently c£3k and upon closure, funds will be transferred into ARBs main NatWest account.

6. Resource Implications

None identified

7. Risk Implications

Reducing the number of bank accounts held with different institutions could be potentially increasing risk should one institution fail. However, operating two accounts feels proportionate to the cash holdings and within the current market banks are wanting organisations to move their main banking arrangements over in totality and therefore access to other banks is minimised.

The Director of Finance and Resources is exploring the use of short term deposits on the money market but will need to consider risk exposure when compared to bank holdings.

8. Communication

ARB is committed prudent management of ARB's financial resources. ARB wants to achieve the best return on the funds whilst having them sufficiently liquid for its day to day operations.

9. Equality and Diversity Implications

None Identified

10. Next Steps

Subject to approval the Director of Finance and Resources will arrange for the account closure as soon as reasonably possible whilst taking account of Government restrictions in relation to Covid-19.