**Alternative banking facilities for the PC**

Community accounts are no longer available to parish councils. These accounts are for charities only. Parish Councils are being moved to small business accounts.

Supporting information / advice

1: Recommendation and advice received from LRALC.

The repealed Section 150(5) of the Local Government Act 1972 governed the stewardship of money by local councils. It required that ‘every cheque or other order for the payment of money shall be signed by two members of the council’. Although no longer the law, local councils must have in place safe and efficient arrangements to safeguard public money. It is not a requirement that two people authorise electronic payments, however, it is a general principal that more than one person should be involved in any payment,

whether that is before, at or after the point at which the payment is made.

NALC Finance and Audit Advisor:

‘The over-riding requirement resulting from the abolition of S150 (5) is that each and every local council seeking to depart from the two-signature rule must “implement and maintain robust controls on expenditure as an integrated part of their overall financial control system”.

Once such controls (which the council considers are robust) are in place the council can proceed with making payments (wages and other payments) using an electronic method.

Within NALC Model Financial Regulations, section 5 ‘Banking Arrangements and Authorisation of Payments’ and 6 ‘ Instructions for the Making of Payments’, make provision for such.

LRALC advise that, the Parish Council would need to explore various aspects of banking provision available either on the High Street or with sector specific providers, prior to making a decision as to which provider can best meet the banking needs of the Council and it must also consider the levels of risk involved before making a final decision as to where to host the councils bank account.

Further to the above the Council should be aware that Unity Trust Bank is a specialist bank for the local council sector and the Council may wish to explore with it whether it can meet the banking needs of the Council. <http://www.unity.co.uk/>

2: I contacted 5 parish clerks, 4 of them local and 1 from the South East who is already using Unity Trust. Please find below responses from 5 clerks:

Clerk 1:

‘Yes, I looked at the Unity Trust bank as a couple of clerks recommended them but was put off by the £6 per month charge. I am switching from HSBC (who were not interested one bit and completely unhelpful) to Unity. I think they will be good once I get it all switched over.’

Clerk 2

‘We bank with Barclays, and I find them quite unhelpful at times - we are switching to Unity due to the new bank charges. Good luck’.

Clerk 3

‘We do use online banking HSBC but only for checking the balance etc. We still write cheques to pay the bills.

Due to the change in charges, we are looking to move’.

Clerk 4

‘We have been with Unity since before they charged. They are very helpful. Their three people authentication is usefully as far as the auditors go, but it is reliant on named councillors to check and authorise payments. This has been a problem at times.

Clerk 5

We were with HSBC but due to bad customer service I recommend to council we changed banks. Councillors did indeed accept my recommendation and we now have an account with Unity Trust although it took a while to jump through the hoops!

The only real teething troubles we had were around their login process which requires people to remember several pieces of security information and so in the first week or two people kept locking themselves out.

However, the helpdesk at Unity was very helpful with resetting them and once we all got used to it, most of us have no problem.

The setting up of payments and separate authorisation works very well – provided of course the councillors respond to requests to do the authorising so you do need to keep monitoring anything which is on a deadline (– but that’s nothing to do with the bank’s system!) I wish you luck!

3: My recommendation to the PC would be as follows:

To not be greatly affected by the change by HSBC to a business account and therefore incurring banking charges, the PC should close the HSBC accounts by transferring both accounts to Unity Trust.

Unity Trust operate a system whereby a Clerk can set up a payment but then someone else – i.e., two Councillors – authorises it. The internal auditor would approve of this safe guarding measure.

There are no branches - you post cheques to a clearing house and can nominate a bank or post office to pay in cash / cheques.

No major banks operate a system offering on-line banking AND a separation of the person setting up the transaction, and the person(s) authorising it.

There is a fixed fee of £6 per month which is charged quarterly for a Unity Trust Select Account (current account) but hopefully by using their service council would save much more than the bank charges being offered with the councils precent provider.

Daily interest (currently 0%)

HSBC Barclays pays 0.01% on savings account that is untouched for the month.

**I recommend the following:**

**1. Consider transferring the HSBC current account (to be business account) to Unity Trust to be used as the main account for regular business.**

**2. To use two tier authenticator banking & monitor councillor support.**

**3. To keep savings account with Barclays – but under £85K for government insurance.**