

August 2022

To: Tim Smith, All Parish Councillors

Online Banking – Proposal to Switch Banks

While North Luffenham Council has discussed the possibility of moving to online banking, no formal decision has been made. With a view to researching some options I added a Roundrobin enquiry to a recent LRALC newsletter and was rather overwhelmed with views from Clerks. While they did not all agree, there were some patterns and this paper outlines options with decisions. Remarks in quotations come from individual Parish Clerks who are anonymised

1. Continue to use HSBC in Oakham

Pros

- Easier in short-term
- Local branch
- Limited personal relationship
- Allows for two signatories

Cons

- Takes time (& car-parking fees)
- There is a charge made per cheque
- Some suppliers charge more for cheques
- Difficulties when signatories not available.
- Expenditure on stamps, stationery etc

2. Change to HSBC on-line

Pros

NLPC has a history of dealing with HSBC and this might represent a more limited change.

Cons

Clerks share some history of poor experiences with this company and these views come particularly from smaller councils

- *“My council were with HSBC when I joined 7 years ago and they were the bind of my life”*
- *“HSBC were a nightmare”*
- *“calls to the online customer service line have taken up to an hour without answer, using the online chat facility does not provide the required answers.”*

In addition

My contact at HSBC in Oakham advises:-

“Please note that at present internet banking transactions are effectively “one to sign” and we cannot replicate the “two to sign” arrangements at present on the accounts. As a result of this we may ask to see your constitution and/or minutes to confirm that this is not prohibited, either as part of the application or when it has been received.”

So while there may be ways to work within these constraints, it is likely to involve quite significant change in NLPC’s working practice and a councillor will definitely need to be available whenever on-line payments are made. I am doubtful that even this would be a sufficient safeguard to satisfy the Charity Commission.

3, Change to Lloyds on-line

Pros

- Branches in Melton and Stamford
- Well-received by some clerks *"I would strongly recommend Lloyds Bank, they are very approachable, and applications can be made online."*
- Some history of working with charities See link for further details
- https://www.lloydsbank.com/business/business-accounts/specialist-accounts/treasurers-account.html?WT.ac=lloyds-bb_and_sme-business_accounts-community-tile-treasurer-FOM
- We can use the Switch system for a trouble-free transfer
- There are no up-front charges, and the free training looks helpful

Cons

- Need to limit turnover to £50K
- No obvious support for savings/investment accounts. They would need to move too.

Change to Unity Trust on-line

Pros

- Clerks respond on this bank with some enthusiasm
 - *"Thankfully we moved to Unity Trust Bank and have had no issues since".*
 - *"They have been absolutely brilliant so far and you can always get through and speak to someone in person in my experience so far."*
 - *"Moving to online banking rather than cheques has been a huge benefit."*
 - *"HSBC were a nightmare and I eventually got told about Unity Trust Bank, they are very geared up for charitable organisations and parish councils. I can highly recommend them for easy on line banking."*
- Here is their website for further information <https://www.unity.co.uk/> and I have also included a procedure document from Peckleton parish council to show how they work in practice.
- The savings rates quoted might also be worth considering

Cons

- On the face of it, this service costs £6 a month and, inevitably, this might rise over the next year
- There is no local branch

Decisions:

- Does NLPC keep its present banking system in place – using cheques.
- Do we change banks?
- If yes, where do we switch to and is more information needed first?
- How best to handle the investment accounts? There is a regular need to transfer funds into current accounts so much easier to be with the same institution.

SC Hammond, Parish Clerk