

## **REPORT TO PICKMERE PARISH COUNCIL**

**6<sup>th</sup> April 2021**

### **AGENDA ITEM 6.4 – CHANGE OF BANK**

#### **1. Background**

1.1 The Parish Council has banked with Barclays Bank for many years – perhaps for the whole of its existence. The changes in electronic communication and also in the organisation of the banking business over the last 30 years (including the reduction in branch numbers, in the staffing of bank branches and indeed online offices, and also with the development of online banking) have impacted significantly on how the Council's bank accounts are serviced. Particular examples of difficulties now experienced in trying to operate the current banking service include for instance:

- The Council's reliance on paying its bills through the use of cheques, rather than using BACS (although standing orders and direct debits are used when appropriate);
- The bureaucratic and complex procedures required for instance to amend standing orders, and most recently to amend the signatories to the bank accounts;
- The lack of staff at the nearest Barclays Bank able satisfactorily to deal with queries and problems;
- The partial nature of the current online service, and the need to contact the bank by telephone, and then submit relevant forms to carry out some procedures – as well as .....
- The desperately poor performance of the bank in responding to telephone calls (the most recent telephone query – in seeking to request the relevant forms to change cheque signatories – requiring a 50-minute wait on the telephone before the call was answered), and also in dealing with correspondence.

1.2 The most recent experience has driven your Clerk to conclude finally that the time has arrived to seek another solution.

#### **2. Report**

2.1 For some time your Clerk has been very conscious of the above shortcomings of the current banking service and as a result has been open to securing an appropriate alternative service, and his most recent experience has confirmed the case for doing so.

2.2 Various of the High Street banks offer online business accounts of one sort or another, but it is evident from following the local clerks' forums (primarily the clerks' forum that is part of the Society of Local Council Clerks body) that many of these banks do not seem to provide the best form of service to this particular sector of the market – which is rather specialised.

2.3 There seems to be one particular bank that performs well in this respect – Unity Trust Bank. This bank was launched on 1984 and was born out of a vision by trade unions to create a bank that would embrace the philosophy of serving the common good. It is now an independent

organisation. The bank states that as an award-winning independent bank, it has a loyal and growing business banking customer base which increased by a further seven per cent during 2020, and its ambition is to become the bank of choice for all socially-minded organisations in the UK. It further states that it is committed to providing high levels of customer service. More than 60% of new customers join it following a recommendation from an existing Unity customer. Among its principles, it states that:

- One always talks to a person, not an automated message.
- All of its teams are based in the UK.
- More than 98% of telephone queries are dealt with by the person that initially answers one's call.
- It typically answers telephone calls within 15 seconds.

2.4 The reviews and comments of other council clerks that your Clerk has read have been universally positive about the service provided by Unity.

2.5 So far as practicalities are concerned, the bank offers the following features:

- 24/7 Online Banking – fast, secure and easy to use
- UK based call centre
- Choice of online or paper statements
- Cheque book and paying-in book (upon request)
- Secure payment procedures – single, dual and triple authorisation of payments available through online banking
- Paying in cash only at a local Post Office
- Paying in cash & cheques at a local NatWest, RBS or Ulster Bank branch (or by Freepost)

2.6 The Council's current banking service incurs no financial cost. Unity charges £6 per month per account (charged on a quarterly basis), for organisations with an annual turnover of up to £100k. In this context it is pointed out that if payments currently made by cheque are made through BACS then this would result in a saving of perhaps £2-£3 per month simply on postage, without taking into account the time (and expense) needed for your Clerk to secure handwritten signatures on cheques from councillor signatories, and the inconvenience to payees of receiving and having to bank cheques. Further, the Council's current reliance on payment by cheque makes complicated the purchase of items where companies now prefer payments through BACS – in recent years, for instance printer cartridges and stationery, the new doors for the Pavilion, the replacement noticeboards, etc.

2.7 Unity is able to organise the switching of accounts from the previous bank, including standing orders and direct debits.

### **3. Conclusions and further thoughts**

- 3.1 Your Clerk has arrived at the firm view that it would benefit the work of the Parish Council to transfer at least its main current account to Unity. It is understood that to have a parallel 'savings' account would not incur an additional cost (although it is pointed out that at the present no interest is being paid).
- 3.2 Your Clerk does not believe that it is worth opening a parallel Land Asset account with Unity (thus incurring a further £6 monthly cost). Either it is considered that the Land Asset account could remain with Barclays (if that is permitted by Barclays once the main account is switched), or another alternative would be to dispense with the Land Asset account altogether.
- 3.3 It is believed that such an account was a useful device when the IROS, play area, and Clover Drive sites were transferred to the Council along with an amount of money to secure their maintenance over a period. However, in practice, ten or so years further on, there does not seem to be any particular advantage in continuing to operate a separate bank account for this purpose. As in the last few years, your Council's annual budget has shown, as part of its financial assets, particular funds earmarked for the maintenance of these property assets, and if Council continues to do so there is no need to maintain a separate account to try to maintain this distinction on a day-to-day basis. Any expenditure on these property assets is satisfactorily distinguished in the Council's monthly and annual account summaries. (If required, however, such funds could be still be distinguished in the parallel Unity savings account).
- 3.4 Accordingly, it is considered that once the main current account is transferred to Unity (should that be agreed today), then in due course the Land Asset account also be closed and funds transferred to Unity main account or savings account.

### **4. Recommendation**

- 4.1 That Council resolves to switch its bank accounts to Unity Trust Bank at the earliest suitable opportunity, at the relevant cost (currently £6 per month paid quarterly), and that at an appropriate time its accounts with Barclays Bank be closed.

J Steel

Clerk to the Parish Council