

## **Alternative banking facilities for the PC**

### **Supporting information / advice**

#### **1: Recommendation and advice received from YLCA.**

The repealed Section 150(5) of the Local Government Act 1972 governed the stewardship of money by local councils.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 principle 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.

For example; the council may consider such a system (provided by Barclays)

- All signatories have viewing access to the councils bank accounts
- clerk/RFO sets up the schedule of payments, the list of payments is sent to all members
- the list of payments is approved at a council meeting
- one councillor authorises the payments using the electronic banking/on line system
- all the signatories can view all payments and receipts.

Therefore Councils must not relinquish the 'two member signatures' control over cheques and other orders for payment until they have put in place safe and efficient arrangements in accordance with the guidance noted below

*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.

The YLCA can 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 6 parish clerks, 5 of them local and 1 from Waterbeach Parish Council who is already using Unity Trust. Please find below responses from 5 clerks:**

**Lynn Watkinson, Bellerby Clerk:**

'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 the Co-op. I think they will be good once I get it all switched over.'

**Charles Payne**

'We also bank with Barclays and I find them quite unhelpful at times - we would switch but to date have not found another worth the work of switching to. If you have any good luck with this I would be grateful if you would let me know!'

**Jackie Ayre, Redmire Clerk:**

'We do use online banking at Redmire but only for checking the ballance etc. We still write cheques to pay the bills.

Sorry I am unable to help.'

**Mary Wood, Leyburn Town PC, Deputy Clerk**

'Sorry, we cannot help you with online banking, we don't use it, still on the old system of paying by cheques.

Regards

Mary Wood'

**Liz Jones**

**Clerk to Waterbeach Parish Council**

'Unity no longer have a payment card so the alternative is a credit card for online/remote payments etc. Also they are now introducing bank charges, but not very much.

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!

Best regards

Liz'

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

To enable all banking to be conducted online, the PC should close the Barclays current account and open a new account with Unity Trust.

Unity Trust operate a system whereby a Clerk can set up a payment but then someone else – i.e. in the case of us, at least two Councillors – authorises it.

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

Few, if any, 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 online banking we would also save much more than that on postage and envelopes. By using online banking this would also mean that the time spent by the clerk writing cheques, and paying cheques in would be reduced.

Daily interest (currently .1%) would be payable on account balances over £25,000. Barclays pays .15% on the overnight deposit account.

I recommend the following:

1. Consider opening a current account with Unity Trust to be used as the main account for regular business.
2. Use internet banking wherever possible.
3. Consider the use of a credit card for online/remote payments etc.