

LYNEHAM AND BRADENSTOKE PARISH COUNCIL PARISH CLERK'S REPORT

BANKING ARRANGEMENTS ON HANDOVER TO NEW PARISH CLERK

1. Current banking arrangements

Current banking arrangements are with HSBC. There are two accounts:

Community Account (Current Account)

Business Money Manager (Deposit Account)

The Parish Clerk has Internet Banking access to:

View the account statements

Transfer funds between the accounts

A bank mandate was submitted to HSBC in November to confirm the Councillors who are cheque signatories and to allow the Parish Clerk access to the bank accounts to move funds between the accounts as a "Primary User". This process took about six months to complete, mainly due to incorrect information being given by HSBC bank staff about the correct form to be used together with an apparent lack of understanding that a Parish Council is a local authority.

At present the Parish Clerk is the only designated user as "Primary User" but there is a facility on the HSBC Internet Banking site for a Secondary User to be appointed. In order to change the designated "Primary User" it is necessary to complete a "Replace Primary User" form together with another completed Local Authority Mandate, with all current cheque signatories signing as before. Both forms then have to be taken into an HSBC branch to be scanned onto their system, if the branch will agree to do this under Covid-19 restrictions, or by mail to HSBC Headquarters. They will then do whatever checks they need to do before approving the change of Primary User. Based on the previous timescales, this may take some time to achieve and in the interim, the new Parish Clerk will be the only designated user on the internet banking site as a "Secondary User". Not an ideal situation for either party.

2. Proposed future arrangements for new Parish Clerk

The HSBC process described may take some time, based on past performance together with the current Covid-19 situation. The quickest way to deal with this situation initially, is to simply leave the current Parish Clerk as the Primary but without access to the internet banking site. The HSBC security device would be handed to the Chairman and the passwords would be changed. This would then leave the new Parish Clerk as Secondary User (and sole user) for however long it takes HSBC to make the changes.

3. Change of Banking Provider to be considered

In view of the unwieldy and lengthy process with HSBC, the Council should consider changing from HSBC to Unity Trust Bank, www.unity.co.uk with an internet banking account. A current account and a deposit account would still be necessary. Whilst the HSBC interest rate on the deposit account reduced to 0.01% on 1st June, the Unity Trust Bank interest rate is 0.00%.

The Unity Trust bank is used by many Town and Parish Councils and comes highly recommended by Town and Parish Clerks, I think because Unity Trust bank understand what a Parish Council is. Their systems appear to be far simpler and it is easier to make changes. They have a triple authentication system in place, which means that Faster Payments and DD payments can be done electronically, using the triple authentication. This means that the Parish Clerk would set up the payment and then two of four designated signatories would approve the payment electronically. This complies with the legal necessity for two Councillors to sign all cheques and other payment vehicles. All payments would still be reported to each Council meeting for formal approval. A Protocol/Policy would have to be in place, and a suitable one has been found that could be adapted. The Unity Trust Bank will do all the switching and it appears that this could be achieved within two weeks, probably more quickly than the described HSBC process would take to complete.

4. Pros and Cons

The major difference between Unity Trust and HSBC is that Unity Trust Bank levy charges, whereas HSBC do not. Unity Trust Bank charge an annual fee of £72 (£6 per month payable quarterly). Any cheque receipts paid into the account (via the Post Office or Nat West Bank branch) attract a fee of 30p per cheque and cash 50p per every £100. The Precept is paid directly into the account and the only cheque receipts into the account are for Allotment rents for 39 allotments. These charges could be reduced by asking allotment Tenants to make payments direct into the account. I rented out three allotments in the last month and all the tenants paid direct into the Parish Councils bank account at HSBC at my request. There may be some tenants who are not able to do that, so these would attract the 30p per cheque fee and any cash receipts would be 50p per £100. Any payments made by the Parish Council via internet banking would not attract a fee. I expect that, in time, all banks will levy such charges.

5. Recommendation

It is recommended that the Parish Council considers a switch to Unity Trust Bank as soon as practicable, if possible before the full handover to the new Parish Clerk. The new Parish Clerk should remain as Secondary User on the HSBC account, so that payments can still be made in the usual way until the switch is complete.

If a switch can't be fully achieved before handover, it would happen soon after and would be a more practical solution than going through the time consuming process with HSBC to then change to another bank.

Mrs Ann Kingdon
Parish Clerk
29th May 2020