

ALDENHAM PARISH COUNCIL

Council Document	AGENDA item 12
To consider switching the Councils banking arrangements from Barclays PLC to Unity Trust Bank	Finance & General Purposes Committee Meeting 11 th January 2021

Background

Aldenham Parish Council (APC) have three accounts currently with Barclays Bank PLC.

1. **Current account** -- This is used to receive any income and pays all day to day expenses.
2. **Clerks Impress account** -- connected to a debit card used to purchase items in shops, petrol etc. Purchases made during the month are reported to the Council meeting and a top up is authorised, allowing an on-line transfer from the current account to bring the balance in the account to £2,000. There is no overdraft facility on this account.
3. **Savings account** -- This has a sweep facility that tops up current account to £10,000 overnight to ensure that it does not go overdrawn. The interest rate on this is 0.05% and the balance as at 14th December 2020 was £462,873.

As you have seen, the internal auditor pointed out that the APC procedure for authorising BACS payments could be carried out in a way that completely followed the guidance on two signatures required. He added that some banks offer a facility where two councillors each have a device which they separately use with their own password to authorise payments set up by officers and agreed at Council.

The officers will still be able to view the bank accounts but not carry out any transactions.

Barclays have also introduced a fee on the impress account of £6.50 per month because it doesn't have a high balance even though we have a large savings balance. Apparently that only gives APC exemption from fees on the current account.

Barclays do not offer the dual authority facility.

Recommendations

- a) That APC open an account with Unity Bank PLC with the signatories being any two members of the F&GP Committee.
- b) That the PCM and Assistant Manager are authorised to view the account on line as well as set up payments, but not to authorise them.
- c) That APC close the Barclays impress and savings accounts and transfer the funds into the current account prior to switching to Unity Bank.
- d) That APC invest £100,000 in either a two-year bond with Cambridge & Counties Bank (1% interest rate) or 1-year United Trust Bank (0.8%), both of which APC have invested with before.
- e) That the petty cash account is closed and any cash held paid into the current account.

Reasons for recommendation

Unity Bank offer the facility suggested by the internal auditor and it is also used by many other councils. Although they don't have a High Street presence, you can use the Post Office which is open every day, as opposed to Barclays whose hours of operation are reducing.

The switching facility that Unity Bank have will only apply to the current account, hence the recommendation that the other accounts held by Barclays are closed. There will be no debit card on the Unity Bank account. They do offer one but there is a fee so the alternative would be to use the credit card for all transactions.

Unity Bank do offer a savings account, but there is no interest on it currently. As the balance in the Barclays savings account is very high, it would be prudent to invest some of this for a short term. There is still over £400,000 with CCLA which is available overnight.

The petty cash is not used as all purchases are now made using contactless cards so closing this will reduce the need to balance this monthly.

Alternative options

APC could continue to use Barclays and the current system of authorising payments. However, best practice would state that officers should not be involved in authorising payments.

Financial Implications

There are no fees to transfer the current account between banks. There is a monthly fee for the account charged by Unity Bank of £6 which is slightly lower than Barclays. There will be a loss of interest received for the savings account at Barclays but that will be outweighed if some of the monies are invested.

Risk Management Implications

There is a risk with the current authority regime on payments that the PCM and Assistant Manager set up and authorise payments without the council being aware. This proposal will reduce this risk as it removes one officer from the frame and adds another person to the process.

Members are asked to consider this report.

Peter Evans
Parish Council Manager