

Options for bank accounts and investments for Westmill Parish Council v2

Report prepared on 1 and revised on 4 December 2023 by Sarah Kubica Clerk/RFO for consideration at Westmill Parish Council Meeting on 13 December 2023

Purpose and background

The purpose of this report is to outline the alternative banking options available for a current account and for savings investments for the parish council in accordance with the expected proper practices¹.

In order to facilitate electronic banking The Legislative Reform (Payments by Parish Councils, Community Councils and Charter Trustees) Order 2014 No.580² removes the requirement for every cheque or other order for the payment of money by a parish council to be signed by two members of the council.

The parish council's own financial regulations based on NALC's model document is due for review in May and a revision to reflect the above should be considered.

Current situation and risk

The current banking arrangement is with Barclays. Except for the most recent mandate change which was completed efficiently and quickly using a new online banking form, all other bank changes this year have been delayed or accompanied with errors made by the bank, culminating in the recent 'accidental' closure of the bank account. A complaint about this and poor service levels has been lodged. The account is being re-opened but the parish council has effectively been without a bank account since early November. Other parish clerks have reported similar issues with other high street banks and in general the overall view on banking facilities for parish councils is negative. The FCA's Consumer Duty³ regulations have recently presented an additional administrative burden on banks which may explain the poor service.

Researching bank products and fees

In order for this exercise to be proportionate in the time involved to research it, the following survey from 3 July 2023 Scribe Accounting (providers of software to parish councils) has been used as a basic guide:

<https://www.scribeaccounts.com/blog/the-best-online-banking-services-for-parish-and-town-councils>

NS&I products are for individual or joint investors. CCLA (which specialised in local authority investment) requires a minimum investment of £25,000. Many banks only offer business accounts for limited companies, limited partnerships, sole traders or partnerships.

¹ [Practitioners-guide-2023 \(nalc.gov.uk\)](https://www.nalc.gov.uk/practitioners-guide-2023)

² [The Legislative Reform \(Payments by Parish Councils, Community Councils and Charter Trustees\) Order 2014](https://www.gov.uk/government/consultations/the-legislative-reform-payments-by-parish-councils-community-councils-and-charter-trustees-order-2014)

³ <https://www.fca.org.uk/firms/consumer-duty>

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Available products and fees

Bank	Account	Fee	AER%	Interest pa based on £10k	Comments
Unity Trust ⁴	Unity Tier 1 Current	£6/month	N/A	N/A	£72 pa fee
Unity Trust	Instant Access Savings	NIL	2.77	£277	
Barclays	Business Account	NIL	N/A	N/A	
RBS ⁵	Liquidity Manager Notice Account	NIL NIL	3.25 4.25	£325 £425	35 or 95 days notice Call for eligibility
RBS	Business Reserve	NIL	1.46	£146	Call for eligibility
Bank of Scotland ⁶	Treasurers Account	NIL	N/A	N/A	Phone to apply
Lloyds ⁷	Treasurers Account	NIL	N/A	N/A	
Lloyds	Business Banking Instant Access	NIL	1.31	£131	

All banks have standard tariffs which vary across the banks and products and covers charges for cash payments, withdrawals, overdrafts etc which are services that WPC does not require at present.

Recommendation

For all banks the following details will be required to set up a new account: full names, dob, three year address history, nationality, UK mobile number, email address and it may be a requirement to appear in person at a branch with ID. Based on investment return options RBS would be the clear choice from the above table and would require a call with a bank representative to discuss eligibility. There is no data on parish council experience with RBS. The clerk is already known to Lloyds as an authorised user for another parish council and has had a good experience with the bank so far and a fee free account paired with the Unity Trust Instant Access Savings account would be a good option. A call with the bank representative would confirm eligibility.

⁴ <https://www.unity.co.uk/sectors/parish-councils/>

⁵ <https://www.rbs.co.uk/business/savings/liquidity-manager.html#faq>

⁶ <https://business.bankofscotland.co.uk/business-accounts/community-accounts/treasurers-account.html>

⁷ <https://www.lloydsbank.com/business/business-accounts/treasurers-account.html>