

POLICY & RESOURCES COMMITTEE

WEDNESDAY 11TH SEPTEMBER 2019

ONLINE BANKING ARRANGEMENTS

1.0 PURPOSE OF THE REPORT

- 1.1 To consider arrangements to move to online banking for payments and to obtain a credit/debit card.

2.0 BACKGROUND

- 2.1 The Town Council currently banks with Barclays and still pays for goods and services by cheque.
- 2.2 To purchase items online such as paying for 12 month line rental for the broadband, the Town Clerk uses her own debit card and claims the amount back. Reimbursement is by cheque and the Town Clerk has to wait for a cheque to be signed and for it to clear which is approximately a week.
- 2.3 In November 2018, the Town Clerk reported to Finance Committee that the Town Council's current bank does not offer an online equivalent of the cheque arrangements ie 3 people involved, it only offers for 2 people to be involved – one to set up the payment, one to authorise.
- 2.4 Finance Committee were not comfortable with this arrangement as they felt that 2 councillors should authorise in case one councillor did not pick up an error. This relies on members scrutinising the payment before authorising or signing the cheques as per the current arrangement. In reality the level of scrutiny of each cheque before signing is variable.
- 2.5 The Town Clerk was tasked with undertaking research to find out if other banks could offer the online equivalent of 2 councillors signing.

3.0 FINDINGS

Barclays

- 3.1 Currently the Town Council has two accounts with Barclays, a savings account and a current account. There is an automatic movement of money between accounts to keep the current account at £10,000. Interest is paid on the savings account which in 2018-19 amounted to £851.92. The Town Clerk does not need to check if there is enough money in the business account to cover presented cheques as the automated movement between accounts occurs.
- 3.2 Currently the Town Clerk has access to view the bank account online. To set up and authorise transactions online would require nominated councillors to apply for an authorisation card and PIN reader.

- 3.3 The online banking arrangements that Barclays and other High Street banks offer DO NOT reflect the current arrangements for cheque signing. Online arrangements would involve two people one to set up the payment and another to authorise ie Town clerk to set up the transaction, ONE councillor to authorise.
- 3.4 Currently the Council has free banking with Barclays. A debit card against the account would not be possible under the current mandate of 2 to sign. However, a business credit card would be an option and spending limits can be set.
- 3.5 The Mayor's Charity Account is also with Barclays and is separate to the Town Council accounts so will stay with Barclays.

Nat West

- 3.6 Two people will be required in the initial set up of online banking after which only one person will set up and authorise

HSBC

- 3.7 Only two people involved as primary and secondary authorisation. If one is on leave this could cause problems.

Lloyds

- 3.8 Two people as per the arrangements at Barclays

Unity Bank

- 3.9 Unity Bank is an online bank that can offer triple signatories ie one to set up and two to authorise. No debit card on current accounts. £6 per month charge plus 15p per credit or debit transaction* Unity do not offer the automated movement of funds between accounts.
- 3.10 A Savings Account (no fee interest paid) and Current Account could be set up. However, if no interest is paid on the savings all the money could remain in one account and then the issue of not having automated movement of funds is not relevant.
- 3.10 Unity Bank have an arrangement to enable customers to pay in or withdraw cash from NatWest (England and Wales) or a Post Office Cash Account card can be set up to pay in cash at a Post Office.
- 3.11 There is an option of a multipay card, £50 set up plus £3 per month instead of a debit/credit card.
- 3.11 Total cost of running a bank account with Unity would be £959 per year plus transaction charges (see paragraph 3.9). This figure is made up of £72 a year minimum for a current account, £36 annual fee for a multipay card (excluding £50 set up cost) minus the loss of interest.

**Credit and debit charges include manual Bank Giro Credits, Standing Orders in (Faster Payment in), other automated credits, cheques issued, Standing Orders out*

(Faster Payment out), internet bill payments (Faster Payment out), Direct Debits and other automated debits.

4.0 WAY FORWARD

4.1 There seems to be two options to consider.

Option 1

Stay with Barclays and agree to have online banking arrangements that would involve the Town Clerk setting up the transaction with only ONE of the nominated councillors authorising the transaction. This would be easier to set up as the bank accounts are not changing and the automated movement of money between accounts would be retained. A business credit card would be applied for.

Option 2

Change to Unity Trust Bank which would give Councillors the dual authorisation, but this would be at a cost which is not insignificant. This option would involve setting up new accounts, mandates etc and closing down the existing accounts.

5.0 RECOMMENDATIONS

5.1 For Councillors to agree which option to take forward, Option 1 is favoured by the Town Clerk/RFO

5.2 If Option 1, nominated Councillors to be agreed. Four are recommended from the list of current signatories and these should be Councillors with regular IT access.

List of current signatories:

Councillor Martin Hickman
Councillor Teslin Davies
Councillor Sam Dodd
Councillor Martyn Groucutt
Councillor Roger Harris
Councillor Maggie Harris
Councillor Gethin Jones
Councillor Tony Konieczny
Councillor David Simcock
Councillor Penny Simcock
Councillor Nick Tatam