

# **REPORT FOR DECISION**

**Full Council 16<sup>th</sup> January 2023**

## **Switching Warminster Town Council's (WTC) bankers from HSBC to Lloyds**

### **Recommendation**

For members to resolve not to proceed with switching from HSBC to Lloyds and to review the decision when Society of Local Council Clerks (SLCC) has completed working with the banking sector to improve the situation

### **Purpose of the Report**

The Town Council began the process to move their bank accounts from HSBC to Lloyds Bank PLC. WTC have remained with HSBC whilst ongoing investigations with other banks continued. This report is to provide members with information to make an informed decision.

### **Background**

Members have resolved that WTC move their bank account to Lloyds. Lloyds still currently has a branch in Warminster Town Centre. This it was expected would enable all the council's banking to be completed directly in the town.

### **Investigations**

Contact with Lloyds branch in the town centre has established that when opening business accounts, there is no facility to meet in person and everything must be completed over the phone or online.

An initial visit to a large Lloyds Branch established that most new accounts must be set up online. The online application process does not cater for local government organisations. Warminster Town Council does not meet the criteria required for any normal accounts, so a banking helpline was called. After speaking to an advisor, we were told that we were regarded as a complex application.

A complex application must be completed with a specialist advisor, and this is a phone application. To begin the process the chairperson of the council must complete the application, they will be asked to provide all the details of the key people required for the account. The details required are their full names, date of birth, nationality, and their address including the month and year that they moved in. Previous addresses will be needed if less than three years at their current address. Each person must give verbal permission for a credit search, and this will be asked during the application process. All town councillors who became signatories to the account would have to agree to a credit check.

The chairperson (Mayor) changes annually. This would therefore be needed to be amended on a regular basis which is time consuming and not that easy.

Wiltshire Council pay the town councils payroll, national insurance and pension directly from the WTC bank account. To do this they have special authorisation from the town council and the bank. Lloyds bank are unable to guarantee that if the town council switches to Lloyds, this facility would be available. This would mean the town council would have to find another way of paying staff.

Wiltshire Council currently bank with HSBC which we believe has made the process easier.

The current HSBC accounts have a savings account and a current account which has a sweeper facility to ensure that the current bank account always remain in credit and avoids the council

incurring additional bank charges. The current account remains at £5,000 whereas the Instant Access account holds approximately 6 weeks gross expenditure. The balance of the councils remaining funds are held in CCLA PSDF.

It has not been confirmed if Lloyds offer the sweeper account facility. If this is not available the account would have to maintain a large balance and the account would need to be checked daily to ensure it remained in credit.

There has been widespread acceptance across local government that Town and Parish Councils do not fit with the models used by banks.

In 2022 representatives from the Society of Local Council Clerks (SLCC) including the Chief Executive, met with the Director for Local Government and Social Housing at NatWest Bank, to raise awareness to the challenges that clerks often face with day-to-day banking for their councils. Following this meeting, NatWest agreed to work with SLCC to see what can be done to improve and streamline the banking process for Town and Parish Councils. SLCC intend to roll out this approach to other banking providers.

### **Conclusion**

The switch to Lloyds has raised issues and problems which could have adverse financial impact on the council and take up much officer time. It is recommended that the move to Lloyds is put on hold and the decision is reconsidered when SLCC have reported on their work with NatWest.

### **Financial and Resource Implications**

The switch to Lloyds Bank could involve adverse financial impacts on the Council and considerable amounts of officer time.

### **Legal Implications and Legislative Powers**

The council has the power action this under the General Power of Competence.

### **Environmental Implications**

Officers are not aware of any issues the council should consider but will consider the council's policies.

### **Risk Assessment**

HSBC and Lloyds Bank are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

### **Crime and Disorder**

The RFO is not aware of any issues the council should consider under the Crime and Disorder Act.